



Trade Policy Review Body

TRADE POLICY REVIEW

REPORT BY THE SECRETARIAT

THE KINGDOM OF SAUDI ARABIA

This report, prepared for the third Trade Policy Review of the Kingdom of Saudi Arabia, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from the Kingdom of Saudi Arabia on its trade policies and practices.

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Document WT/TPR/G/407 contains the policy statement submitted by the Kingdom of Saudi Arabia.

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SUMMARY

1. Saudi Arabia's economy continues to be heavily dependent on oil. The review period witnessed a wide range of cross-cutting and sector-specific policy initiatives aimed at modernizing and diversifying the economy. Continuing such initiatives to improve the competitiveness of the non-oil sector remains important.

2. Oil markets have been particularly volatile since the last Review in 2016. Real GDP average growth during 2015-19 was 1.6%, with non-oil sectors outpacing the growth of the oil sector. The current account balance fluctuated from a deficit of 8.7% of GDP in 2015 to a surplus of 9.2% of GDP in 2018, attributed primarily to movements in the value of oil exports over the period. In 2020, the COVID-19 pandemic caused the largest contraction in world oil demand in history with significant impact on government revenues, in addition to the global economic shock induced by the pandemic. According to the IMF, Saudi Arabia's real GDP growth declined from 0.3% in 2019 to -5.4% in 2020. Several measures were adopted to provide financial support to the private sector. For 2020, the fiscal deficit is estimated at 12% of GDP due to the fiscal shocks to the Government's oil and non-oil revenues and its additional expenditures as a result of the COVID-19 pandemic.

3. Saudi Arabia's dependence on oil entails certain structural weaknesses, as reflected in, for example, the high unemployment rate among Saudi nationals. Recognition of such structural challenges led to the launch, in 2016, of "Vision 2030", a comprehensive strategy designed to modernize and diversify the Saudi economy. Vision 2030 encompasses a wide range of policies to create more private-sector jobs for Saudi nationals, increase the participation of women in the workforce, support small- and medium-sized enterprises, increase investment in non-oil sectors and promote non-oil exports, increase domestic production and procurement through local-content measures, privatize state-owned assets and government services, deregulate the energy market and reform energy and water prices, improve the business environment to attract foreign and local investment, and develop new infrastructure. Vision 2030 also envisages enhancing the efficiency of government, including through accelerating decision-making processes and further developing e-government services, embracing standards of transparency and accountability, monitoring performance, and improving the management of public finances. Some commentators raised questions regarding the level of ambition reflected in some of the Vision 2030 objectives. The scale and pace of implementation of Vision 2030 could be affected by the impact of the COVID-19 pandemic on government revenue and expenditures. The authorities indicated in the context of this Review that Vision 2030 is currently being reviewed.

4. While a comprehensive assessment of progress made towards achievement of the Vision 2030 objectives is beyond the scope of this Review, results in certain areas are noteworthy. For example, prior to the COVID-19 pandemic, the fiscal deficit declined from 15.8% in 2015 to 4.5% in 2019 due to significant progress in diversifying and stabilizing the Government's revenues. Measures adopted by the Government in matters such as starting a business, registering property, and protecting minority investors appear to have significantly improved the business climate. At the same time, there remain governance and rule of law issues that may warrant reform. Illustrative in this respect is the IMF's recent call for continuing reforms to enhance fiscal transparency to reduce the risks of corruption. During the review period, the Government also introduced reforms concerning the status of women in society.

5. Changes to the structure of the Government have occurred since the last Review, many of which related to Vision 2030, including, for example, the creation of a General Authority for Foreign Trade as a separate public entity to take over all the responsibilities related to foreign trade previously carried out by the Ministry of Commerce; the restructuring of the Ministry of Energy, Industry and Mineral Resources into the Ministry of Energy and the Ministry of Industry and Mineral Resources; the transformation of the Saudi Arabian General Investment Authority into the Ministry of Investment; the creation of the Saudi General Authority for Intellectual Property; the establishment of the Local Content and Government Procurement Authority; and the change in the name of the Saudi Monetary Authority to Saudi Central Bank. The review period also witnessed the adoption of new legislation regarding many aspects of Saudi Arabia's economic and trade policies.

6. Regarding the overall orientation of Saudi Arabia's trade policy, prominent aspects of the Kingdom's recent trade and economic policies, including the simplification of customs procedures, the existence of a generally low level of import duties, the removal of foreign investment restrictions, and the introduction of new policy instruments to promote exports, suggest that openness to

international trade and foreign investment is seen by the authorities as playing an essential role in the Kingdom's economic transformation. On the other hand, certain elements, notably the emphasis on "localization" and the existence of detailed sector-specific industrial policies, might raise questions about their potential distortive effects on trade and resource allocation. Much will depend upon the precise policy instruments used by the Government to achieve its objectives regarding the promotion of domestic industrial development.

7. Saudi Arabia is a strong supporter of the multilateral trading system and the WTO. Its negotiating interests span a wide range of issues, and it participates in several Joint Ministerial Statement Initiatives. It ratified the protocol concerning the WTO Trade Facilitation Agreement in 2016. It regularly submits notifications to the WTO, although its notifications on domestic support in agriculture for the most recent years remain outstanding. Saudi Arabia has never been a complainant under the WTO dispute settlement mechanism; it was a respondent in 2 cases and participated as a third party in 49 cases. In 2020, during Saudi Arabia's presidency of the G20, two extraordinary G20 Trade and Investment Ministerial Meetings were held to address the challenges posed by the COVID-19 pandemic. Saudi Arabia also launched and actively promoted the Riyadh Initiative on the Future of the WTO, which aims to identify common ground and shared principles for the next 25 years of the WTO, and to provide the political support needed to make progress in the discussions on reforms among all WTO Members. At their summit held on 21-22 November 2020, G20 leaders explicitly recognized the contribution that the Riyadh Initiative made. Saudi Arabia believes that regional trade agreements can complement and reinforce the multilateral trading system, and help the Kingdom's integration into the global economy. It is a member of the Gulf Cooperation Council (GCC), and the Pan-Arab Free Trade Area. The GCC as a group has free trade agreements with Singapore and with the European Free Trade Association. Along with other GCC members, Saudi Arabia is currently assessing its approach to FTAs in light of the Vision 2030 goals.

8. Increasing private investment, both foreign and local, is a key element of Saudi Arabia's strategy to stimulate and diversify its economy, generate employment, and achieve sustainable development. Sectors identified as priority areas for foreign and domestic investment are: (i) transport and logistics; (ii) information and communications technology (ICT); (iii) health and biotechnology; (iv) education; (v) tourism; (vi) entertainment; (vii) industry (mining and manufacturing); and (viii) renewable energy. Foreign investment is allowed in practically all sectors of the economy, except for some activities specified on a negative list. Since the previous Review, several activities have been removed from this list. Foreign investment licensing requirements vary according to sector and type of investment. Some of these requirements were eased or removed during the review period. The Government implemented new fees for expatriate employers (which are paid per employee per month). It also increased levies on expatriates with dependents and imposed higher fees for business visas and entry/exit permits for foreign workers.

9. While there were no changes to the basic customs legislation (the GCC Common Customs Law and Implementation Rules and Explanatory Note), Saudi Arabia introduced important changes in customs procedures, as a result of which it now has a country-wide single window for customs procedures. The Saudi Customs Authority enhanced an electronic data interchange system, an electronic trade single window that allows electronic submission and processing of import declarations. Also, Saudi Arabia now has a new risk management system and targeting centre to classify shipments based on their risk level.

10. Import tariffs, which are subject to common GCC rules, did not change significantly until the recent COVID-19 pandemic. Nearly all tariff lines in Saudi Arabia are subject to *ad valorem* rates, while 1.3% of total lines have non-*ad valorem* rates. The simple average of Saudi Arabia's 2020 applied MFN tariff rate was 5.5%, up from 5.2% in 2015 due to changes in the tariff structure and increases in customs duty rates for some products (e.g. fertilizers, and meat and dairy products). On 77.4% of tariff lines, the applied MFN tariff rate was 5%; on 10.6% of tariff lines, the rate was duty free, and on 9.7% of the tariff lines the rate was between 5% and 15%. A very small group of agricultural products is subject to significantly higher applied MFN tariff rates, with tobacco products subject to a rate of 100%. In June 2020, customs duties were raised on various categories of consumer, industrial, and agricultural products as part of the Government's response to the COVID-19 pandemic.

11. Saudi Arabia introduced the value added tax (VAT) as from 1 January 2018 at a standard rate of 5%. VAT was introduced as a result of a common approach between GCC member States. On

1 July 2020, the standard rate was increased to 15% as part of the measures adopted to deal with the economic crisis caused by the COVID-19 pandemic. On 31 January 2017, Saudi Arabia ratified the GCC Common Excise Tax Agreement and issued the Excise Tax Law and its Implementing Regulations. Two different excise tax rates apply: 50% on soft/sweetened drinks or 100% on tobacco-related products, energy drinks, and electronic devices for smoking/vaping.

12. Import prohibitions continue to be maintained based on security, public safety, moral, and religious considerations, as well as on international obligations such as international conventions requirements and UN sanction resolutions. Import licensing requirements are applied to some imports from all trading partners except other GCC member States. There were no changes in Saudi Arabia's trade remedies legislation. Saudi Arabia maintains export bans on eight categories of products. In response to the COVID-19 pandemic, Saudi Arabia introduced a temporary export ban on exports of COVID-19 detection and prevention products, medical equipment, and pharmaceutical products. Saudi Arabia continues to have 10 categories of goods subject to export licensing requirements.

13. Several new policy instruments were adopted to achieve Vision 2030's objectives of increasing non-oil exports and promoting economic diversification. First, the Export-Import Bank was created in 2019 and became operational in 2020. Export financing and guarantees continue to be available through the Saudi Export Programme. Second, the creation of special economic zones is a key element of Vision 2030 and the National Industrial Development Program (NIDLP). A National Strategy for Special Economic Zones and implementing regulations were adopted, and the first special economic zone was established in October 2018. NEOM, a futuristic city project with significant logistics and high-end tourism components, which is currently being developed in Saudi Arabia's northwest, is considered the world's largest international special economic zone in terms of size and scale of investment (about USD 500 billion). Third, the Saudi Industrial Development Fund (SIDF) is the main financial enabler of the NIDLP. While the SIDF used to finance only manufacturing businesses, since 2019, it has also financed projects in other sectors covered by the NIDLP (mining and energy). Fourth, Saudi Arabia aims to increase the contribution of small and medium-sized enterprises (SMEs) in GDP from 20% to 35% and encourage local financial institutions to allocate up to 20% of overall funding to SMEs by 2030. To this end, the SME Authority (Monshaat) was established in 2016.

14. In 2019, the Saudi Accreditation Centre was created as the national accreditation body. The Saudi Standards, Metrology and Quality Organization has so far issued more than 30,000 standards, the majority of which were adopted from international standards. According to the authorities, at end-2019, 89% of Saudi standards in force were adopted from GCC standards. Currently, Saudi Arabia has 32 technical regulations in force, of which two GCC Technical Regulations were adopted during 2016-20. Since the last Review, some concerns have been expressed about Saudi Arabia's technical regulations on animal products, motor vehicles, vehicle tyres, toys, energy drinks, sugar limits on food products, electrical and electronic equipment, and plastic products. With respect to sanitary and phytosanitary measures, concerns were raised relating to Saudi Arabia's ban on the importation of shrimp, fish, crustaceans, and other aquatic animal products.

15. Saudi Arabia's new Competition Law came into force on 23 September 2019. It aims to protect and encourage fair competition and to combat and prevent monopolistic practices that affect lawful competition or consumer interest, leading to an improved market environment and economic development. The new Competition Law applies to all firms in Saudi Arabia, regardless of their nationality or seat. The General Authority for Competition is the regulatory authority in charge of implementation of the Competition Law and its Implementing Regulations. The Law prohibits certain anti-competitive practices and abuses of dominant positions and provides for merger control based on a definition of economic concentration. Under the new Competition Law, prices of goods and services are to be determined according to market rules and principles of free competition. However, certain goods and services, including wheat flour, cement, crude oil, energy transportation services, and electricity are subject to regulations that set maximum prices.

16. In addition to direct holdings by the Government in some undertakings, government agencies, such as the General Organization of Social Insurance, the Public Pension Agency, and notably the Public Investment Fund (PIF), have holdings in several businesses. Since March 2015, the PIF has reported to the newly created Council of Economic and Development Affairs. Under Vision 2030, Saudi Arabia aims to transform the PIF into a global industrial conglomerate and the world's largest

sovereign wealth fund. The privatization of state-owned assets is being further encouraged to increase the participation of the private sector in the economy from less than 40% to 65% of GDP.

17. As part of its accession commitments, Saudi Arabia agreed to start negotiations to join the Government Procurement Agreement (GPA) at a future date. Presently, it is an observer to the GPA. Saudi Arabia's new Government Tenders and Procurement Law (GTPL) came into force in December 2019, its key stated objective being to strengthen government procurement activities while protecting public funds and enhancing economic development. The new GTPL also aims to support SMEs and increase local content in government procurement contracts. Consideration is being given to whether preferences related to local content should also apply to commercial companies in which the State owns more than 51% of the share capital. Under the new GTPL, domestically produced products qualify for a price preference of 10%.

18. Regarding the protection of intellectual property rights, the most important change during the review period was the creation of a more unified institutional framework, with the establishment, in 2017, of the Saudi Authority for Intellectual Property to assume the duties and responsibilities of the Saudi Patent Office, the Copyright Department, and the Trademark Department. Reforms of the intellectual property administrative regime undertaken during the review period were aimed at supporting the Vision 2030 objective of encouraging innovation and entrepreneurship.

19. Saudi Arabia remains a major net importer of agricultural products. Imports of some products are prohibited (any product containing alcohol, and pigmeat products). Domestic agricultural policy priorities are linked to Vision 2030, which aims to prioritize the use of water in agriculture to those areas with natural and renewable water sources, adjust the crop mix towards crops with lower water use, and rebalance the mix of imports and domestic production for food security. In addition to measures to reduce water consumption, important policy developments in this period were the privatization of the wheat and flour sector, the introduction of a new animal feed policy, and the provision of additional funding under the Agricultural Development Fund in the context of the COVID-19 pandemic. Notified Green Box support increased from SAR 860 million in 2012 to SAR 1.1 billion in 2015, before falling again to SAR 780 million in 2017, driven primarily by changes in expenditures for infrastructure services and to a lesser degree for pest and disease control. Saudi Arabia's Current Total AMS varied between SAR 1,185 million and SAR 2,782 million, well below its bound Total AMS commitment level of SAR 3,218 million. Support notified under the Amber Box (including *de minimis* support) fluctuated but has fallen overall since 2012. In 2017, feed subsidies for poultry sectors accounted for all the Current Total AMS (SAR 1,876 million). Important changes to domestic support programmes introduced since 2018 (the replacement of feed subsidies by direct support and the reintroduction of price support for wheat) have not yet been notified. According to its notifications to the WTO Committee on Agriculture, Saudi Arabia did not provide export subsidies for agricultural products.

20. The Vision 2030 strategy provides that one of the means to achieve the strategic objective of growing and diversifying the economy is to unlock the potential of non-oil sectors, including by growing and capturing maximum value from the mining and energy sectors. In 2017, the Council of Ministers approved the Comprehensive Mining and Mining Industries Strategy, which aims to address several challenges confronting the sector. The Government's objectives for 2030 are to make the mining sector the third major pillar of Saudi industry, alongside oil and petrochemicals, by more than tripling its contribution to GDP, reduce imports by about SAR 37 billion, create more than 200,000 direct and indirect jobs, and nearly double the sector's contribution to government revenue. A new Mining Investment Law was adopted in 2019.

21. Saudi Arabia was the world's second-largest crude oil producer in 2019 and the world's largest crude oil exporter. The Vision 2030 objectives in respect of the energy sector are to increase the localization of the oil and gas sector, increase the Kingdom's gas production and distribution capacity, develop oil- and gas-adjacent industries, increase the contribution of renewables to the national energy mix, and enhance the competitiveness of the energy market. Vision 2030 aims to transform Saudi Aramco from an oil producer into a global industrial conglomerate. In 2019, Saudi Aramco issued USD 12.0 billion of senior unsecured notes listed on the London Stock Exchange and became a public company, with shares listed on Saudi Arabia's main stock market, the Tadawul. In December 2017, Saudi Aramco and the Government entered into a revised Concession Agreement, and a new Hydrocarbons Law was enacted. The development of alternative sources of energy to diversify the sources of electricity generation is being pursued through the National Renewable Energy Program launched in 2017. The Government defined certain quantitative targets

regarding the contribution of renewable energy to the power mix and is considering the development of a nuclear energy capacity.

22. Reform of domestic energy prices, as provided for in the Fiscal Balance Program adopted in 2016, was an important element of Saudi Arabia's economic transformation policies during the review period. An Executive Committee for the Governance of Energy and Water Prices Reform was established to oversee the development of the energy and water price reform plan, considering its economic, social, and sectoral impacts, and to develop the necessary support mechanism during the transition period. In 2016, a first wave of price reforms involved increases in prices of water, fuel, and electricity; a second wave of price reforms was implemented at the start of 2018, focusing on gasoline and electricity. Domestic fuel prices remain far below the global average.

23. A vibrant, competitive, sustainable, and export-oriented manufacturing sector is seen by the Government as critical to the realization of Vision 2030 as the primary driver of non-oil exports, foreign investment, innovation, and higher-quality jobs. In this respect, the NIDLP, one of the Vision 2030 Vision Realization Programs launched in January 2019, envisions a "second wave of industrial development" or "second growth wave". The key guidelines under the new approach are that growth must focus on a diversified portfolio of sectors that are based on a sustainable competitive advantage; the private sector must lead the growth process, as the Government plays the role of the enabler; and growth must generate clear socio-economic benefits in terms of its contribution to GDP and employment. The new industrial policy is reflected in a comprehensive and detailed National Industrial Strategy (NIS) focusing on nine sectors: (i) equipment and machinery; (ii) renewable energy supplies; (iii) pharmaceutical manufacturing; (iv) medical supplies; (v) the automotive sector; (vi) oil- and gas-adjacent industries; (vii) food processing; (viii) the aviation industry; and (ix) military industries. The NIS is currently being updated.

24. The Financial Sector Development Program (FSDP), which is part of Vision 2030, aims to develop a strong, innovative, and stable financial sector, able to support private-sector growth through lending, new services, and an advanced capital market, while promoting and enabling financial planning in society more broadly. In the banking sector, the Central Bank further developed the regulatory framework in the areas of governance and transparency (issuance of a new Law on Anti-Money Laundering, and updating of disclosure requirements regarding retail financing and savings products), and prudential regulations (issuance of Business Continuity and Cyber Security Frameworks and of a Code of Conduct and Work Ethics in Financial Institutions, and adoption of a Whistle-blowing Policy for Financial Institutions, 2019). Saudi Arabia's ranking in indicators of shareholder governance and investor protection improved greatly during the review period. Revised licensing guidelines were issued in 2019 for banks under the Banking Control Law 1966, the main legislative text governing the banking sector. Under the guidelines, foreign bank branches are, in principle, subject to the same prudential requirements as locally incorporated banks. New rules were also issued for the licensing and supervision of branches of foreign insurance and/or reinsurance companies under which foreign insurance and reinsurance firms are allowed to open a branch if they meet some, primarily prudential, conditions.

25. The FSDP's second pillar aims to develop an advanced capital market for equity and debt, including a market for derivatives. Key activities under this Program include: (i) enhancing access by Qualified Foreign Investors through the simplification of processes and increases in foreign equity caps; (ii) privatizing state-owned enterprises through initial public offerings; (iii) deepening debt markets; and (iv) improving the quality of audits of public companies. As a result of reforms undertaken during the review period to protect investors, open trading to non-resident foreigners, and deepen capital markets, the Tadawul was included in three internationally renowned emerging market indices. While the stock market has grown significantly, it remains highly concentrated. Despite recent efforts to increase access by non-resident foreign investors to capital markets, investment in Saudi capital markets continues to face restrictions. Steps were taken to deepen debt markets through regulatory reforms to facilitate trading in bonds and other debt instruments, including for foreign legal and natural persons.

26. While the Telecommunications Act 2001, which establishes the basic regulatory framework for the telecommunications sector, remained unchanged, many regulatory changes were made during the review period in order to increase competition and attract investment. Reforms were initiated with respect to access to radio spectrum, the telecommunications services licensing framework, interconnection rules, and access to physical facilities. Royalty fees for telecommunications services were adjusted in 2018 in a deal that saw telecommunications operators commit to additional

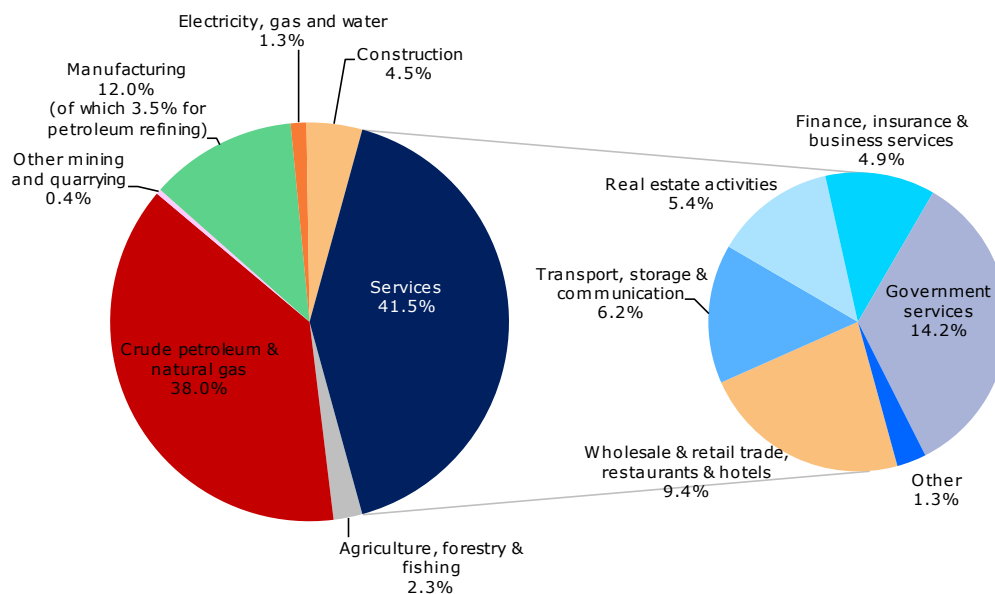
investment in infrastructure. Several other regulatory changes were based on the priorities outlined in Vision 2030 and the ICT Sector Strategy 2023. The Strategy outlines key initiatives to transform the ICT sector, support technology localization, and expand the IT and emerging tech market. The ICT sector is considered as one of the major enablers of Vision 2030 and as serving as the foundation for digitizing the Kingdom. In this regard, regulatory frameworks were established in 2019 for cloud computing (including localization requirements for certain sensitive data) and for the Internet of Things, the Quality of Service Framework was revised in 2018 to ensure minimum acceptable levels of service, procedural rules were adopted in 2018 for mergers and acquisitions in the ICT sector, and regulations were adopted in 2018 to reduce spam.

1 ECONOMIC ENVIRONMENT

1.1 Main Features of the Economy

1.1. The Kingdom of Saudi Arabia is the world's largest oil exporter and one of the biggest producers of oil and natural gas. In 2019, 38.0% of real GDP, 64.1% of government revenues, and 77.6% of merchandise exports were based on crude petroleum and natural gas. Nonetheless, as shown in Chart 1.1, the largest contributor to real GDP is the services sector with a 41.5% share, led by government services. Manufacturing, based on Saudi Arabia's comparative advantage in energy-intensive industries, represents 12.0% of real GDP, while construction and agriculture and related activities account for 4.5% and 2.3%, respectively.

Chart 1.1 GDP by economic activity at constant prices, 2019



Note: Preliminary figures.

Source: General Authority for Statistics, Statistics Library. Viewed at: <https://www.stats.gov.sa/en>.

1.2. GDP per capita increased from USD 21,180 in 2015 to USD 23,174 in 2019. Saudi Arabia had a population of around 34.2 million in 2019, of which 38.3% (13.1 million) were non-Saudis. Expatriate labour accounts for 79.4% of private sector employment.¹ The unemployment rate of Saudi nationals remained high at 12.0% in 2019, while for non-Saudis it was 0.4%.² With a view to increasing the employment of nationals, notably women, the authorities have been implementing the Nitaqat programme since 2011. It is a labour market reform strategy designed to make Saudi nationals more competitive in the private sector labour market, make private sector jobs more attractive to nationals, and require or encourage private firms to meet certain Saudization quotas. As from 14 March 2021, Saudi Arabia will allow foreign workers in the private sector to change jobs and leave the country without an employer's consent.

1.3. In April 2016, Saudi Arabia launched its Vision 2030, an ambitious strategic plan to modernize and diversify the Saudi economy (Section 2.1). Under Vision 2030, Saudi Arabia aims to advance into the top 15 economies in the world in terms of GDP. This goal is to be achieved through increasing the private sector's contribution from 40% to 65% of GDP, raising the share of non-oil exports in non-oil GDP from 16% to 50%, and expanding small and medium-sized enterprises' (SMEs) contribution to GDP from 20% to 35% by 2030.³

1.4. Other goals of Vision 2030 include: (i) further developing non-oil activities, notably renewable energy, information and communication technology (ICT), industrial equipment, tourism and leisure,

¹ General Authority for Statistics, *Labour Force*. Viewed at: <https://stats.gov.sa/en/814>.

² General Authority for Statistics. Viewed at: <https://www.stats.gov.sa/en>.

³ Saudi Arabian Monetary Authority (2020), *56th Annual Report 1441H-2020*, Riyadh.

retail sector, digital economy, and financial services; (ii) increasing domestic production and government procurement through local content measures; (iii) privatizing state-owned assets and government services (such as health, education, and housing); (iv) stock listing the national oil company (Saudi Aramco); (v) reforming the prices of energy and water; (vi) further improving the business environment; (vii) creating more private sector jobs for Saudi nationals; and (viii) expanding the participation of women in the workforce.⁴ Nonetheless, the costs of the measures taken by the Government to fight the COVID-19 pandemic, together with the recent fall of global oil prices and their impact on public finances could affect the pace and scale of the implementation of Vision 2030 (Section 1.2).

1.2 Recent Economic Developments

1.5. At the time of its previous Review in 2016, Saudi Arabia had one of the strongest-growing economies in the G20. During the period 2010-13, high oil prices underpinned growth in nearly all sectors. However, the price of oil started declining in mid-2014, affecting the whole economy.⁵ Since then, Saudi Arabia's GDP grew 1.6% on average during 2015-19 (4.2% in 2002-14), with non-oil sectors outpacing the growth of the oil sector (Table 1.1). Economic activity was driven by the evolution of oil revenues over the period, the implementation of economic and social reforms under Vision 2030, and by construction and infrastructure projects partly financed through the Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund (Section 3.3.5). In 2020, the COVID-19 pandemic and lower than expected oil prices negatively impacted all economic sectors. According to the IMF, real GDP growth went from 0.3% in 2019 to -5.4% in 2020, while 3.1% is estimated for 2021 as the Saudi economy recovers somewhat from the effects of the pandemic.⁶

Table 1.1 Selected macroeconomic indicators, 2015-20

	2015	2016	2017	2018	2019	2020 ^a
GDP, unemployment and inflation						
GDP at current prices (SAR billion)	2,453.5	2,418.5	2,582.2	2,949.5	2,973.6	..
GDP at current prices (USD billion)	654.3	644.9	688.6	786.5	793.0	..
GDP per capita (USD)	21,180	20,289	21,114	23,539	23,174	..
Real GDP growth (% change)	4.1	1.7	-0.7	2.4	0.3	-5.4
Oil sector	5.3	3.6	-3.1	3.1	-3.6	..
Non-oil sector	3.2	0.2	1.3	2.2	3.3	..
Unemployment rate, Saudi nationals (%)	11.5	11.6	12.8	12.7	12.0	..
Unemployment rate, overall (%)	5.6	5.6	6.0	6.0	5.7	..
Inflation (CPI average, % change)	1.2	2.0	-0.8	2.5	-2.1	3.6
National accounts (% of GDP at current prices)						
Government consumption	30.0	25.8	24.4	24.6	23.8	..
Private consumption	40.3	42.8	41.2	37.9	38.9	..
Change in inventory	4.3	4.8	4.4	3.1	6.7	..
Gross fixed capital formation	29.9	26.1	24.5	21.0	22.1	..
Exports of goods & services	33.3	31.1	34.9	40.0	36.0	..
Imports of goods & services	37.8	30.7	29.3	26.6	27.6	..
Money and credit (% change)						
Money and quasi money (M3)	2.5	0.8	0.3	2.7	7.1	..
Net foreign assets	15.4	6.8	12.6	-1.0	1.7	..
Net domestic assets		90.5	16.7	16.2	..	..
of which: claims on private sector	9.2	2.4	-0.8	3.0	..	..
Interest rate (%) ^b	0.9	2.1	1.8	2.5	2.6	..
Central government finance (% GDP)						
Revenue	25.0	21.5	26.8	30.7	31.2	..
of which: oil	18.2	13.8	16.9	20.7	20.0	..
Expenditure	40.8	34.3	36.0	36.6	35.6	..
Fiscal balance	-15.8	-12.9	-9.2	-5.9	-4.5	..
Public debt	4.9	13.1	17.2	19.0	22.8	..
External sector						
Terms of trade (% change)	-44.5	-12.0	23.9	23.5	-4.3	..

⁴ Kingdom of Saudi Arabia, *Vision 2030*. Viewed at: <https://www.vision2030.gov.sa>.

⁵ WTO document WT/TPR/S/333/Rev.1, 21 June 2016.

⁶ IMF (2020), *World Economic Outlook*, October, Washington, D.C.

	2015	2016	2017	2018	2019	2020 ^a
Real effective exchange rate (% change) ^c	9.2	3.0	-2.0	-0.8	-1.1	..
Current account (% GDP)	-8.7	-3.7	1.5	9.2	4.8	-2.5
Trade in goods & services (% GDP) ^d	71.0	61.9	64.2	66.7	63.7	..
FDI inflows (% GDP)	1.2	1.2	0.2	0.5	0.6	..
SAMA's total net foreign assets (USD billion)	608.9	528.6	488.9	489.6	494.0	..
In months of imports of goods & services ^e	46.3	36.5	33.4	34.1	34.7	..
Imports goods & services (% GDP)	37.8	30.7	29.3	26.9	27.6	..
Oil exports (% of total exports)	75.2	74.2	76.7	78.6	76.6	..
Oil production (million barrels per day)	10.2	10.5	10.0	10.3	9.8	..
Price of Arabian Light oil (USD per barrel, average)	49.9	41.0	52.6	70.6	65.0	..

.. Not available.

a Projections.

b Interest rate on domestic currency deposits (three-month SAIBOR yearly average).

c Negative sign means depreciation.

d Total exports and imports of goods and services.

e Next 12 months.

Source: General Authority for Statistics. Viewed at: <https://www.stats.gov.sa/en>; Saudi Arabian Monetary Authority (SAMA). Viewed at: <http://www.sama.gov.sa/en-US/Pages/default.aspx>; and IMF.

1.6. On 11 May 2020, the Saudi Government announced a set of measures to deal with the economic crisis caused by the COVID-19 pandemic, notably increasing the VAT rate from 5% to 15%, and reducing capital and operating expenditures. At the same time, the Government undertook some large expenditures, including free healthcare for all COVID-19 patients regardless of nationality and legal presence status, and launching support initiatives for the private sector of more than SAR 218 billion.⁷ Moreover, on 14 March 2020, the Saudi Arabian Monetary Authority (SAMA) announced the introduction of the Private Sector Financing Support Program, with a total value of over SAR 51 billion, as at August 2020, to support the Government's efforts to combat the pandemic and help the private sector, especially SMEs (Section 1.4).

1.7. On 21 April 2020, Saudi Arabia enacted Cabinet Decision No. 559 to increase import tariffs on certain goods, e.g. dairy products, juices, vegetables and olive oils, some chemicals, building materials, and vehicles. The changes took effect on 10 June 2020.⁸

1.8. Inflation, as measured by the consumer price index (CPI), averaged 0.6% during the period 2015-19 (Table 1.1), compared with 3.2% over 2002-11. In 2019, average inflation contracted by 2.1%, mainly reflecting decreases in, *inter alia*, housing, water, electricity, and other fuels. For 2020, the IMF estimates an average inflation rate of 3.6%, driven by increases in housing and food prices and continued non-oil growth.⁹

1.3 Fiscal Policy

1.9. The Fiscal Balance Program (FBP), one of the initiatives of Vision 2030, made significant progress in diversifying and stabilizing the Government's revenues. Since the FBP's initiation in 2016, non-oil revenues increased from SAR 186 billion to SAR 332 billion in 2019. This allowed an increase in the share of non-oil revenues to total revenues (35.9% in 2019) and, in turn, a reduction in Saudi Arabia's fiscal deficit. During the review period, the fiscal deficit, as percentage of GDP, went from a peak of 15.8% in 2015 to 4.5% in 2019 (Table 1.1).

1.10. For 2020, the Government was targeting a fiscal deficit of 6.4% of GDP under the assumption that the price of Brent Crude, a crude oil that serves as a reference price or benchmark for oil traders, would average about USD 65 per barrel.¹⁰ Saudi Arabia's breakeven oil price depends on

⁷ KAPSARC, *The Fiscal Response to COVID-19 in Saudi Arabia*, 26 July 2020. Viewed at: <https://www.kapsarc.org/research/publications/the-fiscal-response-to-covid-19-in-saudi-arabia/>.

⁸ WTO document WT/TPR/OV/23, 30 November 2020.

⁹ IMF (2020), *World Economic Outlook*, October, Washington, D.C.

¹⁰ "Saudi Arabia's Economy Can Ill Afford Oil-Price War It Began", *The Economic Times*, 10 March 2020. Viewed at: <https://economictimes.indiatimes.com/markets/stocks/news/saudi-arabias-economy-can-ill-afford-oil-price-war-it-began/articleshow/74562016.cms>.

several factors, including the level of oil production, how much oil revenues are transferred to the budget, and how non-oil revenues perform. According to some estimates made before the COVID-19 pandemic, Saudi Arabia needed the price of Brent Crude to be between USD 80 and USD 85 to balance its fiscal budget in 2020.¹¹ The price of Brent Crude went from a peak of around USD 125 in 2011-12 to around USD 20, as countries around the world started implementing lockdown measures due to the pandemic, to just over USD 40 in December 2020.

1.11. As indicated above, the onset of COVID-19 resulted in unavoidable fiscal shocks to the Government's oil and non-oil revenues and its expenditures. To finance the fiscal gap, the Government implemented a series of fiscal adjustments, such as expanding planned borrowing in 2020 from SAR 120 billion to SAR 220 billion. The Government also took some measures to compensate for the large reduction in the price of oil, notably earmarking USD 1 billion in fiscal stimulus, and tripling its VAT rate (Section 3.1.5). For 2020, the fiscal deficit is estimated at 12% of GDP.

1.12. Looking forward, as fiscal policy remains the main driver of economic growth, strengthening Saudi Arabia's fiscal space gives the Government the capacity to continue supporting the economy. The Government would be able to sustain the expected expenditure levels in the near term by drawing down reserves and increasing borrowing. According to some sources, however, growing trade imbalances and fiscal deficits caused by the COVID-19 pandemic are of concern to Saudi Arabia's external creditors and could impact the country's international borrowing rate, making it more expensive to access capital.¹² This is even though Saudi Arabia fared better than most countries as far as creditworthiness is concerned, especially with respect to private markets. Moreover, oversupply and the increasing competitiveness of cleaner energy sources mean that oil may stay cheap for the foreseeable future. In the absence of an oil price recovery in the medium term, the Government may need to put in place a fiscal consolidation plan to sustain its Vision 2030 objectives. The Saudi authorities do not share the assessment in this paragraph of the Kingdom's fiscal prospects.

1.4 Monetary and Exchange Rate Policy

1.13. On 24 November 2020, the Council of Ministers approved a new law changing the name of Saudi Arabian Monetary Authority (SAMA) to the Saudi Central Bank, but keeping the SAMA abbreviation. Under the new law, SAMA is linked directly to the King of Saudi Arabia and will enjoy full financial and managerial independence.¹³ Also, under the new law, SAMA updated its mandate to include supporting economic growth as one of its prime objectives, formally changing its operating principles for the first time in more than 60 years.¹⁴ SAMA is vested with the conduct of monetary policy, and its key monetary policy objective remains the stability of the Saudi riyal (SAR) exchange rate in local and global markets, complemented by protecting the stability and resilience of the financial system, expanding and deepening the financial sector, and contributing to the economic development of the country.¹⁵ Saudi Arabia accepted the obligations of Article VIII of the IMF Agreement in the early 1960s. It has no restrictions on capital receipts or payments by residents or non-residents.¹⁶

1.14. Since 1986, the Saudi riyal has been pegged to the US dollar (SAR 3.75 per USD), and a countercyclical fiscal policy has been used to stabilize the growth path.¹⁷ SAMA uses a range of

¹¹ "Saudi Arabia Would Need Oil at \$80-\$85 a Barrel to Balance Budget: IMF Official", *Reuters*, 11 February 2019. Viewed at: <https://www.reuters.com/article/us-saudi-economy-imf/saudi-arabia-would-need-oil-at-80-85-a-barrel-to-balance-budget-imf-official-idUSKCN1Q01N0>. The authorities consider that this estimate of the oil price needed to balance the budget is outdated and in any event irrelevant

¹² KAPSARC, *The Fiscal Response to COVID-19 in Saudi Arabia*, 26 July 2020. Viewed at: <https://www.kapsarc.org/research/publications/the-fiscal-response-to-covid-19-in-saudi-arabia/>.

¹³ *Arab News*, 25 November 2020.

¹⁴ *Bloomberg*, 26 November 2020.

¹⁵ Saudi Arabian Monetary Authority (2020), *56th Annual Report 1441H-2020*, Riyadh.

¹⁶ IMF (2019), *Saudi Arabia: 2019 Article IV Consultation – Press Release and Staff Report*, IMF Country Report No. 19/290, p. 4. Viewed at: <https://www.imf.org/en/Publications/CR/Issues/2019/09/09/Saudi-Arabia-2019-Article-IV-Consultation-Press-Release-and-Staff-Report-48659>.

¹⁷ The Government runs a fiscal surplus when oil exports are strong, and the economy is in external surplus. When oil exports weaken, foreign exchange assets are utilized, and the Government boosts domestic demand by deficit spending.

monetary tools to achieve this goal, including repo and reverse repo rates¹⁸, open market operations, and reserves requirements, as well as foreign exchange swaps and direct deposits, and other monetary tools available to manage liquidity.

1.15. According to the IMF, the riyal peg to the US dollar remains the best exchange rate option, and it provides Saudi Arabia with a longstanding and credible policy anchor. A move away from the peg would remove a credible monetary anchor, increase uncertainty, and have limited benefits for competitiveness in the near term. Given the close link between the fiscal and external balance and the structure of the economy, with exports dominated by oil and oil-related products and limited substitutability between imports and domestically produced goods, external adjustment will be driven by fiscal policy rather than the exchange rate.¹⁹

1.16. Based in Riyadh, the Gulf Monetary Council (GMCO) was founded in March 2010 as a regional economic organization. GMCO's membership is open only to countries of the Gulf Cooperation Council (GCC). In June 2009, the current GMCO members (the Kingdom of Bahrain, the State of Kuwait, Qatar, and Saudi Arabia) signed an agreement to form a monetary union; the agreement was ratified and entered into force in March 2010; however, the date for adoption of a single currency is yet to be determined.

1.17. As part of its role in preserving financial stability and helping the Government's efforts to combat the COVID-19 pandemic, SAMA injected over SAR 51 billion into the banking sector as at August 2020. To support banking liquidity and enable banks to continue providing credit facilities for the private sector, especially SMEs, the Private Sector Financing Support Program includes the Deferred Payments Program (extended in September until December 2020), the Funding for Lending Program, the Loan Guarantee Program, and support of point-of-sale and e-commerce transaction fees for the private sector.

1.5 Balance of Payments

1.18. During the review period, the current account balance fluctuated from a deficit of 8.7% of GDP in 2015 to a surplus of 9.2% of GDP in 2018, reaching a surplus of 4.8% in 2019 (Table 1.1). This evolution in the current account can be attributed primarily to movements in the value of oil exports over the period (Table 1.2). However, the most significant change in the balance of payments took place in the financial account, which went from deficits in 2015-16 to surpluses thereafter largely due to increases in net acquisition of financial assets.

1.19. SAMA's total net foreign assets decreased from USD 608.9 billion in 2015 to USD 494.0 billion in 2019. Moreover, SAMA's net foreign assets are down about a third from their 2014 peak. The IMF expects current account deficits, as percentage of GDP, of 2.5% and 1.6% for 2020 and 2021, respectively, mainly as a result of the COVID-19 pandemic.²⁰

Table 1.2 Balance of payments, 2015-19

(USD billion)

	2015	2016 ^a	2017 ^a	2018 ^a	2019 ^b
Current account	-56.7	-23.8	10.5	72.0	38.2
Goods and services	-29.3	2.7	38.0	105.3	66.9
Goods	44.3	55.8	98.5	168.7	121.3
Credit	203.5	183.6	221.9	294.4	261.6
Debit	159.3	127.8	123.4	125.6	140.3
General merchandise	46.7	57.0	100.2	171.2	122.6
Credit	203.2	182.8	221.3	293.9	260.8
Oil exports	152.9	136.2	170.2	231.6	200.5
Non-oil exports	50.3	46.6	51.1	62.3	60.3
Debit	156.5	125.8	121.1	122.7	138.2
of which: Re-exports (credit)	8.6	8.0	8.5	8.5	11.2
Nonmonetary gold	-2.4	-1.3	-1.8	-2.4	-1.3

¹⁸ The repo rate is the rate at which banks borrow funds from SAMA overnight, while the reverse repo rate is the rate at which banks deposit their excess liquidity overnight.

¹⁹ IMF (2019), *Saudi Arabia: 2019 Article IV Consultation – Press Release and Staff Report*, IMF Country Report No. 19/290.

²⁰ IMF (2020), *World Economic Outlook*, October, Washington, D.C.

	2015	2016 ^a	2017 ^a	2018 ^a	2019 ^b
Credit	0.3	0.8	0.6	0.5	0.8
Debit	2.7	2.0	2.3	2.9	2.1
Services	-73.6	-53.0	-60.4	-63.4	-54.4
Credit	14.5	17.3	18.1	20.5	24.2
Debit	88.0	70.3	78.6	84.0	78.7
Primary income	17.3	15.7	10.7	7.7	7.9
Credit	25.6	24.0	18.9	19.5	20.6
Debit	8.3	8.2	8.2	11.8	12.7
Secondary income	-44.7	-42.3	-38.3	-41.1	-36.6
General government	-6.5	-4.9	-2.6	-7.8	-6.0
Financial corporations, nonfinancial corporations, households, and non-profit institutions serving households (NPISHs)	-38.2	-37.5	-35.7	-33.2	-30.6
Personal transfers	-37.8	-37.0	-35.3	-33.0	-30.3
Credit	0.0	0.0	0.0	0.0	0.0
Debit	37.8	37.0	35.3	33.0	30.3
of which: Workers' remittances	37.8	37.0	35.3	33.0	30.3
Other current transfers	-0.4	-0.5	-0.3	-0.3	-0.3
Capital account	-1.1	-0.9	-1.8	-2.3	-1.7
Financial account	-73.1	-91.4	7.5	68.8	36.2
Direct investment	-2.8	1.5	5.9	15.0	9.0
Net acquisition of financial assets	5.4	8.9	7.3	19.3	13.5
Net incurrence of liabilities	8.1	7.5	1.4	4.2	4.6
Portfolio investment	10.8	-11.4	-2.5	12.0	-11.5
Net acquisition of financial assets	10.4	5.4	19.2	28.5	34.6
Net incurrence of liabilities	-0.3	16.8	21.7	16.5	46.1
Other investment	34.8	-0.8	43.5	41.6	35.7
Net acquisition of financial assets	38.7	8.2	47.8	53.3	55.7
Net incurrence of liabilities	3.9	9.0	4.2	11.7	20.0
Reserve assets	-115.9	-80.6	-39.4	0.2	3.0
Net errors and omissions	-15.3	-66.6	-1.2	-0.8	-0.3

a Preliminary.

b Estimated.

Source: SAMA, *Monthly Bulletin October 2020*. Viewed at: <http://www.sama.gov.sa/en-US/EconomicReports/Pages/MonthlyStatistics.aspx>.

1.6 Developments in Trade and Investment

1.6.1 Trends and patterns in merchandise and services trade

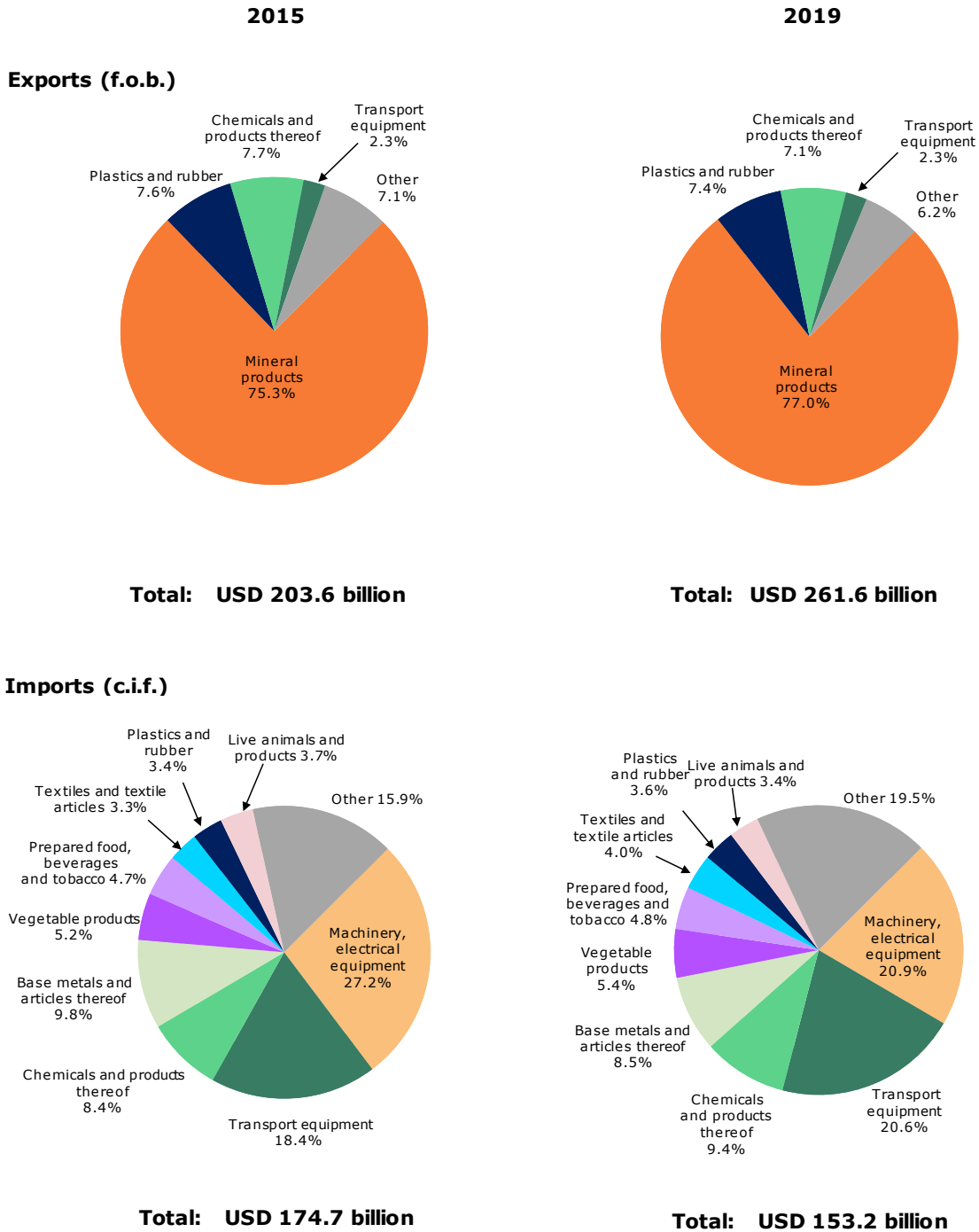
1.20. Saudi Arabia's economy is dependent on international trade, albeit decreasingly: the ratio of merchandise and services trade (exports and imports) to GDP went down from 71.0% in 2015 to 63.7% in 2019 (Table 1.1). This fall is largely due to a reduction of imports of goods and services, as a percentage of GDP, from 37.8% to 27.6%. In 2018, Saudi Arabia ranked 15th among world merchandise exporters and 22nd among importers (considering the countries of the European Union together and excluding intra-EU trade). In services trade, Saudi Arabia ranked 28th among exporters and 16th among importers.²¹

1.6.1.1 Merchandise trade

1.21. Saudi Arabia's exports continued to be dominated by mineral products (mainly oil), which accounted for 77.0% of total merchandise exports in 2019, compared with 75.3% in 2015 (Chart 1.2 and Table A1.1). The share of fuels in total merchandise exports depends largely on the evolution of Arabian oil world prices and Saudi Arabia's quota production within the Organization of Petroleum Exporting Countries (OPEC). Non-oil exports are led by plastics and rubber (7.4% of total merchandise exports in 2019) and chemicals (7.1%).

²¹ WTO Statistics database, *Trade Profiles: Saudi Arabia*. Viewed at: http://stat.wto.org/CountryProfiles/SA_e.htm.

Chart 1.2 Merchandise trade by main products, 2015 and 2019



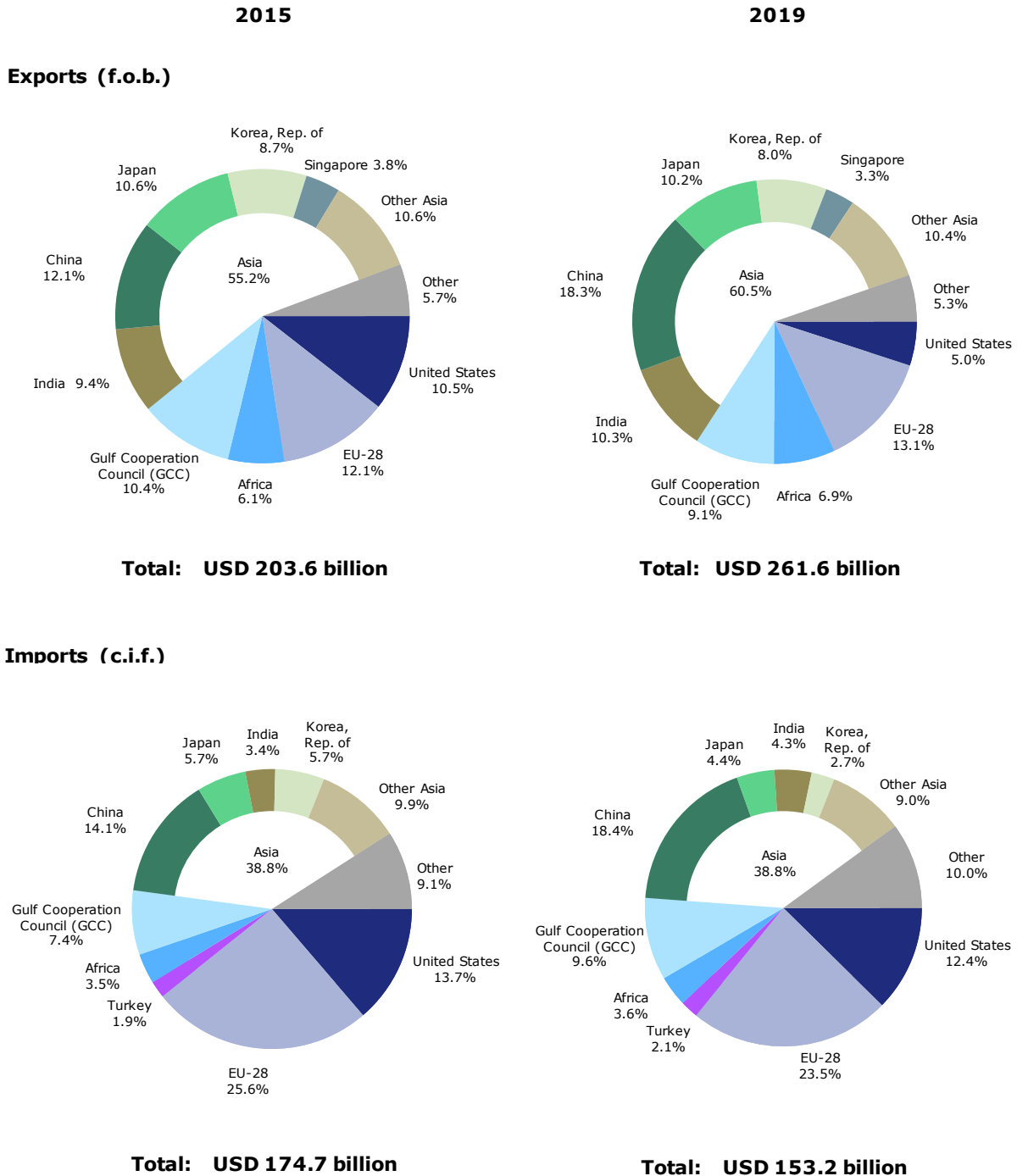
Source: WTO Secretariat's calculations, based on General Authority for Statistics data.

1.22. Asia accounted for 60.5% of merchandise exports in 2019 (up from 55.2% in 2015), led by China, with a share of 18.3% in 2019 (12.1% in 2015), followed by India and Japan (Chart 1.3). The European Union is also a major destination of merchandise exports, with 13.1% in 2019 (12.1% in 2015), while the United States' share dropped from 10.5% in 2015 to 5.0% in 2019. Gulf Cooperation Council (GCC) countries represented 9.1% of merchandise exports in 2019, down from 10.4% in 2015 (Table A1.3).

1.23. As in most countries, the structure of Saudi Arabia's imports is much less concentrated than exports. The largest single import category continues to be machinery and electrical equipment (20.9% of merchandise imports in 2019), followed by transport equipment (20.6%) and chemicals

(9.4%) (Chart 1.2 and Table A1.2). Nonetheless, the share of machinery and electrical equipment in the import bill has fallen due to decreased capital and development expenditure by the Government.

Chart 1.3 Direction of merchandise trade, 2015 and 2019



Source: WTO Secretariat's calculations, based on General Authority for Statistics data.

1.24. In 2019, Saudi Arabia's largest import supplier was the European Union, led by Germany and France, with 23.5% share, followed by China (18.4%) and the United States (12.4%) (Chart 1.3 and Table A1.4). Asia accounted for 38.8% of merchandise imports in 2019, the same as in 2015. GCC countries represented 9.6% of Saudi Arabia's merchandise imports in 2019, up from 7.4% in 2015.

1.6.1.2 Services trade

1.25. Balance-of-payments data indicate that Saudi Arabia is a net importer of services, with a deficit averaging USD 61.0 billion per year during 2015-19, peaking at USD 73.6 billion in 2015. However, services exports increased significantly during the same period, from USD 14.5 billion in 2015 to USD 24.2 billion in 2019 (Table 1.3). Saudi Arabia is a major site for religious tourism, with millions visiting the country to perform the Hajj and Umrah pilgrimages to the holy city of Makkah. On the import side, government-related services constitute almost a third of services imports, followed by transport (22.5% in 2019) and travel (19.2% in 2019).

Table 1.3 Trade in services by sector, 2015-19

(USD billion, %)

	2015	2016 ^a	2017 ^a	2018 ^a	2019 ^b
Trade balance (USD billion)	-73.6	-53.0	-60.4	-63.4	-54.4
Exports (USD billion)	14.5	17.3	18.1	20.5	24.2
	(% of total exports)				
Transport	19.7	25.4	23.7	22.0	19.6
Passenger	7.3	13.6	16.3	15.5	14.1
Freight	6.3	5.6	4.5	4.0	2.7
Other	6.2	6.3	2.9	2.4	2.7
Travel	70.0	64.3	66.5	67.2	67.8
Construction	0.0	0.0	0.0	0.0	0.0
Insurance and pension services	2.1	1.3	0.3	0.4	0.3
Financial services	1.7	3.3	3.7	1.5	2.5
Telecommunications	1.7	1.6	1.9	5.6	6.5
Other business services	0.1	0.1	0.1	0.1	0.4
Government goods and services	4.6	4.0	3.8	3.3	2.9
Imports (USD billion)	88.0	70.3	78.6	84.0	78.7
	(% of total exports)				
Transport	22.8	23.3	20.1	18.7	22.5
Passenger	1.2	1.4	1.9	1.5	1.6
Freight	20.9	19.8	16.6	15.9	18.9
Other	0.8	2.1	1.5	1.3	1.9
Travel	22.0	23.7	22.3	19.8	19.2
Construction	5.6	7.9	7.1	7.6	9.0
Insurance and pension services	2.4	2.2	1.9	2.0	2.3
Financial services	0.9	1.3	1.9	3.0	2.4
Telecommunications	3.3	3.9	3.7	2.0	2.2
Other business services	6.2	8.9	12.0	12.4	12.7
Government goods and services	36.7	28.7	30.9	34.4	29.8

a Preliminary.

b Estimated.

Source: SAMA, *Monthly Bulletin October 2020*. Viewed at: <http://www.sama.gov.sa/en-US/EconomicReports/Pages/MonthlyStatistics.aspx>.

1.6.2 Trends and patterns in FDI

1.26. A key objective of Vision 2030 is to promote and facilitate foreign investment and increase its GDP share from 3.8% to 5.7%.²² FDI inflows declined steadily over the last decade, when they were over three times higher than today. Inward FDI averaged USD 5.2 billion per year during 2015-19, compared with an annual average of USD 18.2 billion in 2005-07, while the stock of FDI in 2019 stood at USD 236 billion (Table 1.4).

Table 1.4 FDI, 2015-19

(USD million)

	2015	2016	2017	2018	2019
FDI inflows	8,141	7,453	1,419	4,247	4,563
FDI inward stock	224,050	231,502	227,566	231,814	236,370
FDI inward stock (% of GDP)	34.3	36.0	33.1	29.4	29.7
FDI outflows	5,390	8,936	7,280	19,252	13,547

²² Kingdom of Saudi Arabia, *Vision 2030*. Viewed at: <https://www.vision2030.gov.sa>.

	2015	2016	2017	2018	2019
FDI outward stock	63,121	73,973	84,437	104,613	122,917
FDI outward stock (% of GDP)	9.6	11.5	12.3	13.4	15.5

Source: UNCTAD (2020), *World Investment Report 2020*, Geneva; and information provided by the authorities.

1.27. In line with Vision 2030, Saudi Arabia is implementing several reforms to attract larger FDI inflows, including approving the investment policy principles to encourage local and foreign investment (Box 2.1). During the review period, several activities were removed from the negative list and opened to foreign investment (Section 2.4).

1.28. Moreover, in 2019, the Saudi Arabian General Investment Authority (SAGIA) was transformed into the Ministry of Investment (MISA) to add power and capacity to help increase Saudi Arabia's effectiveness in attracting local and foreign investments. MISA implemented, *inter alia*, the following reforms: reduced the foreign investment licence requirements to two documents; launched instant licence and renewal; automated post services (licence renewal, company activities amendment, adding branches); reduced the time to issue new licenses (from an average of 53 hours to less than 4 hours); and extended the validity of the foreign investment licence to five years (rather than being renewed annually).

1.29. During the review period, Saudi Arabia also established a one-stop shop for company incorporation, and made importing and exporting faster by enhancing the electronic trade single window (Section 3.1.1). Other reforms led to improving access to credit, strengthening minority investor protections, and facilitating the resolution of insolvency.²³

1.30. As a result of these measures, Saudi Arabia became the most improved country for doing business according to the World Bank's Ease of Doing Business 2020 Index; its world ranking is 62nd out of 190 economies (up from 92nd a year before).²⁴ Nonetheless, Saudi Arabia was ranked 49th based on the World Bank's Ease of Doing Business 2015 Index.²⁵

1.31. Saudi Arabia is among the top five economies in the world in terms of FDI outflows, with annual outflows averaging over USD 10 billion during 2015-19 (against USD 175 million in 2005-07), reaching a peak of USD 19.3 billion in 2018. FDI outward stock as percentage of GDP rose from 9.7% in 2015 to 15.5% in 2019 (Table 1.4). Saudi Arabia is increasing its investments in the rest of the world, primarily in technology, finance, and infrastructure activities, driven by an investment push from its PIF and large private investors.²⁶

²³ World Bank, *Ease of Doing Business in Saudi Arabia*. Viewed at: <https://www.doingbusiness.org/en/data/exploreeconomies/saudi-arabia#>.

²⁴ The index is based on 10 topics (Saudi Arabia's ranking in parentheses), i.e. starting a business (38); dealing with construction permits (28); getting electricity (19); registering property (19); getting credit (80); protecting minority investors (3); paying taxes (57); trading across borders (86); enforcing contracts (51); and resolving insolvency (168). World Bank, *Ease of Doing Business in Saudi Arabia*. Viewed at: <https://www.doingbusiness.org/en/data/exploreeconomies/saudi-arabia#>.

²⁵ World Bank (2014), *Doing Business 2015: Going Beyond Efficiency*. Viewed at: <https://www.doingbusiness.org/en/reports/global-reports/doing-business-2015>.

²⁶ UNCTAD (2020), *World Investment Report 2020*, Geneva.

2 TRADE AND INVESTMENT REGIMES

2.1 General Framework

2.1. The Kingdom of Saudi Arabia is a monarchy. The King is the head of State, Government, and the judiciary, and is the Commander in Chief of the military forces. As Prime Minister, the King presides over the Council of Ministers (Majlis al-Wuzarā), which has both executive and legislative functions. The Council of Ministers is composed of 38 government and state ministers. Since 2015, the Crown Prince has served as Deputy Prime Minister in the Council of Ministers, as per appointment by the King.

2.2. The Consultative Council (Majlis al-Shūrā) is a unicameral quasi-legislative body, which has the power to propose legislation, together with the Council of Ministers, for the King's approval. The Consultative Council is composed of 150 members, all of whom are appointed by the King. Since 2013, it has included 30 women members. Municipal elections are held every five years. There are no political parties.

2.3. Saudi Arabia's legal and judiciary systems are based on the Shariah (Islamic law). The independence of the judiciary is enshrined in Article 46 of the Basic Law of Governance.¹ The judicial system consists of: (i) courts of first instance (i.e. general courts, personal status courts, commercial courts, labour courts, criminal courts, and enforcement courts); (ii) appeal courts; and (iii) the Supreme Court. In addition, the Board of Grievances hears cases that involve government administrative decisions, including commercial disputes between government agencies and private contractors.² There are also committees within government ministries that address disputes under their respective jurisdictions, such as those related to banking, insurance, and other financial matters. The legal system allows for the adjudication of commercial disputes through arbitration (Paragraph 2.66). In 2016, the Saudi Center for Commercial Arbitration (SCCA) was established, with the objective of enhancing commercial dispute resolution.

2.4. In order to improve the climate for local and foreign investment, in recent years, the Government took measures to modernize the judiciary; these include the creation of specialized courts, the training of judges, measures to expedite cases and reduce caseloads, rules to improve the enforcement of domestic and foreign judgements³, and the codification of jurisprudence. In September 2017, commercial courts⁴ were opened in several major cities, with jurisdiction over: all commercial disputes; lawsuits filed against natural and corporate persons in relation to their business; disputes among partners/shareholders in corporations; cases involving violations of commercial law (without prejudice to the jurisdiction of the Board of Grievances); and bankruptcy cases.⁵ In February 2018, the Ministry of Justice issued new rules for commercial courts, mainly aimed at expediting judicial proceedings and improving the quality of rulings. Also, in early 2018, a compilation of legal principles and precedents was published, and further efforts at codifying jurisprudence are ongoing. In November 2018, seven specialized labour courts were established, with the aim of boosting the labour market and creating a conducive investment climate.⁶

2.5. The Basic Law of Governance, 1993, serves as the constitutional framework, and stipulates that the Shariah is the bedrock of the Kingdom.⁷ Over the years, the Shariah has been supplemented by an evolving body of laws and regulations issued through royal decrees and other legal instruments. Trade policy and other related policies (such as intellectual property, and corporate

¹ Basic Law of Governance, Royal Decree No. A/90 of 27/8/1412H (1993).

² Royal Decree No. M/78, 1 October 2007.

³ The Enforcement Law was promulgated by Royal Decree No. M/53 in March 2013, and enforcement courts were established in 2014.

⁴ Commercial courts came into being four years after the Law establishing their jurisdiction was passed (Law of Procedure before Shariah Courts, Royal Decree No. M/1 of 22/01/1435H, 25 November 2013).

⁵ Basrawi, A., *The Development of the Judicial System in Saudi Arabia under Vision 2030*, March 2018. Viewed at: <https://www.tamimi.com/law-update-articles/the-development-of-the-judicial-system-in-saudi-arabia-under-vision-2030/>.

⁶ Asharq Al-Awsat, *Seven Labor Courts Inaugurated Across KSA to Attract Investment*, 26 November 2018. Viewed at: <https://aawsat.com/english/home/article/1479306/seven-labor-courts-inaugurated-across-ksa-attract-investment>.

⁷ The Basic Law of Governance states that the Qur'an and the life and traditions of the Prophet Muhammad (Sunnah) represent the Kingdom's Constitution.

law) are implemented by means of such legal instruments. These are, in order of precedence, the following:

- royal decrees: issued by the King to enact primary legislation and amendments approved by the Council of Ministers, and to approve international treaties;
- royal orders: issued by the King; may address any matter;
- Council of Ministers decisions: promulgate implementing regulations regarding specific issues in primary legislation for which there are no royal decrees or orders;
- ministerial decisions: issued to make implementing regulations effective; and
- circulars: issued by ministries to clarify regulations pursuant to a piece of legislation.

2.6. The legislative process has not changed since the last Review. The Consultative Council and the Council of Ministers review draft legislation submitted by government ministries and agencies, and propose it to the King for approval. In case of divergent views between the two bodies, the King decides. Approved legislation is enacted through a royal decree. All legal instruments are published in the Official Gazette⁸ and enter into force on the date of publication, unless otherwise specified. Following their ratification and enactment by royal decree, international agreements are applicable as domestic law. The authorities indicated that, should there be any inconsistencies between international agreements and domestic law, the former apply.

2.7. A significant development in Saudi Arabia's overall legal and policy framework since its previous Review was the launching of Vision 2030 in April 2016. This is an ambitious strategic plan designed to modernize and diversify the Saudi economy, mainly by reducing its dependence on oil, developing alternative sources of revenue, and increasing the participation of the private sector in the economy. It also aims to improve the efficiency of government services, and transform the Saudi society into a more modern and inclusive one. The plan, prepared by the Council of Economic and Development Affairs⁹, has three main pillars: the status of Saudi Arabia as the "heart of the Arab and Islamic worlds"; its determination to become a global investment powerhouse; and the transformation of the country into a hub connecting Asia, Europe, and Africa.

2.8. Vision 2030 is developed around three main themes, namely: a vibrant society; a thriving economy; and an ambitious nation. For each theme, the plan sets out specific objectives, programmes, and measurable targets to be achieved by 2030.¹⁰ Under the theme "a thriving economy", multiple initiatives are envisaged. These include: creating more private-sector jobs for Saudi nationals, and increasing the participation of women in the workforce; supporting SMEs; increasing investment in non-oil sectors (i.e. renewable energy, industrial equipment, tourism and leisure, retail, digital economy, and financial services); increasing domestic production and procurement through local-content measures; privatizing state-owned assets and government services (such as health, education, and housing); listing the national oil company (Saudi Aramco) on the stock exchange; deregulating the energy market; and reducing energy subsidies.

2.9. The plan also envisages improving the business environment to attract foreign and local investment, including through the strict application of international commercial regulations, trade facilitation, and the simplification of customs procedures; and the establishment of special zones dedicated to logistics, tourism, and industrial and financial activities.

2.10. In addition, in order to leverage the country's geographical position and transform it into a regional logistics hub, Saudi Arabia intends to complete and improve its transport infrastructure, internally and across borders, through public-private partnerships. As stated in Vision 2030, a top priority is to strengthen and extend the country's interconnectivity and economic integration with other Gulf Cooperation Council (GCC) countries by completing the implementation of the GCC

⁸ Umm al-Qura. Viewed at: <https://www.uqn.gov.sa/>.

⁹ The Council of Economic and Development Affairs, established in 2015, is responsible for setting the overall governance, mechanisms, and measures necessary to achieve Vision 2030. It is presided over by the Crown Prince, and is composed of all the cabinet ministers and heads of other agencies.

¹⁰ Kingdom of Saudi Arabia, *Vision 2030*. Viewed at: https://vision2030.gov.sa/sites/default/files/report/Saudi_Vision2030_EN_2017.pdf.

common market, unifying customs and other economic policies, and building road and railway networks.¹¹ Under the theme "an ambitious nation", the plan envisages enhancing the efficiency of government, including through accelerating decision-making processes and further developing e-government services, embracing standards of transparency and accountability, monitoring performance, and improving the management of public finances.

2.11. The implementation of Vision 2030 is supervised by the National Center for Performance Measurement, the Delivery Unit, and the Project Management Office of the Council of Economic and Development Affairs. The National Transformation Program (NTP), launched in 2016, is a package of state regulatory and policy reforms to be rolled out within a period of five years, with the overarching goal of making the private sector the main driver of the national economy. The NTP is the first of three phases that are expected to lead towards the achievement of the goals and targets of Vision 2030. Other sectoral programmes, including the National Industrial Development and Logistics Program, have also been issued, and are at different phases of implementation.

2.12. The authorities indicated that Vision 2030 is currently being reviewed.

2.13. As part of the multiple initiatives envisaged in Vision 2030, Saudi Arabia is undertaking massive construction and infrastructure projects, including, notably, the establishment of a new city, NEOM, a USD 500 billion special economic zone that will function as an urban-scale technology incubator in the northwest of the country.¹² Financing for the mega-projects and other programmes under Vision 2030 is managed through the Public Investment Fund (PIF), the nation's sovereign wealth fund. PIF funds were increased with the sale of a 1.5% stake in the state-owned oil company, Saudi Aramco, in December 2019, which raised USD 25.6 billion. However, the costs of the measures taken by the Government to fight the COVID-19 pandemic, together with the recent collapse of global oil prices, and their impact on public finances could affect the pace and scale of the implementation of Vision 2030. On 11 May 2020, the Government announced a set of measures to deal with the economic crisis caused by the pandemic, including an increase of the VAT rate (from 5% to 15%), the suspension of cost-of-living allowances for state employees since 1 June 2020, and reductions in capital and operating expenditures.¹³

2.14. Regarding the structure of government, some important institutional changes have taken place since the last Review, which are also aligned to the objectives of Vision 2030. Table 2.1 summarizes the changes related to the institutional framework for trade and investment. The establishment of the General Authority for Foreign Trade (GAFT), and the transformation of the Saudi Arabian General Investment Authority (SAGIA) into the Ministry of Investment (MISA), are discussed in Sections 2.2 and 2.4, respectively.

Table 2.1 Institutional changes related to trade and investment, 2016-20

Institution established/transformed	Legal instrument
General Authority for Foreign Trade (GAFT)	Council of Ministers Resolution No. 211, 3 January 2019
Ministry of Investment (MISA) (transformed from the Saudi Arabian General Investment Authority (SAGIA))	Royal Decree No. A/455, 25 February 2020
Ministry of Commerce (transformed from the Ministry of Commerce and Investment)	Royal Decree No. A/455, 25 February 2020
Saudi General Authority for Intellectual Property (SAIP)	Council of Ministers Decision No. 410, 27 March 2017
Local Content and Government Procurement Authority	Royal Decree No. A/168, 13 December 2018
Ministry of Energy (transformed from Ministry of Energy, Industry and Mineral Resources)	Royal Decree No. A/472, 31 August 2019
Ministry of Industry and Mineral Resources	Royal Decree No. A/472, 31 August 2019

¹¹ Kingdom of Saudi Arabia, *Vision 2030*.

¹² Other mega-projects are the Riyadh metro project; the King Abdullah Financial District, a commercial centre development in the capital; the Red Sea Project, a luxury tourism and leisure mega-development on the western coast; and the new city, Qiddiya, the planned home for a nascent Saudi entertainment industry located southwest of Riyadh.

¹³ "Twin Shocks Threaten Saudi Crown Prince's Grand Reform Plans", *Financial Times*, 11 May 2020. Viewed at: <https://www.ft.com/content/351005d6-6478-41c6-b7aa-04ea8bdda350>.

Institution established/transformed	Legal instrument
Ministry of Tourism (replacing Saudi Commission for Tourism and National Heritage)	Royal Decree No. A/455, 25 February 2020
Ministry of Human Resources and Social Development (transformed from Ministry of Labour and Social Development)	Royal Decree No. A/455, 25 February 2020
Ministry of Sports (replacing the General Authority for Sports)	Royal Decree No. A/455, 25 February 2020
General Authority for Exhibition and Convention General Entertainment Authority (GEA)	Royal Decree No. A/154, 27 December 2018 Supreme Order, 7 May 2016

Source: Information provided by the authorities.

2.15. The measures implemented by the Government to create a more favourable business environment enabled Saudi Arabia to improve its rankings in some world economic indicators in the last few years. For example, the Saudi economy was ranked 83rd (out of 180) in the 2020 Index of Economic Freedom, up from 91st in 2019.¹⁴ Likewise, in the World Bank's Doing Business 2020 report, Saudi Arabia was classified among the 10 countries with the most notable improvements regarding ease of doing business in 2019. While Saudi Arabia did improve its scores in some areas such as starting a business, registering property, and protecting minority investors, its scores were somewhat lower regarding enforcing contracts and resolving insolvency.¹⁵ This suggests that there might still be room for improvement in areas such as the enforcement of commercial contracts, the application of the new bankruptcy law (effective in August 2018; see below), and the overall legal framework for the resolution of commercial disputes.

2.16. Saudi Arabia ranked 51st (out of 180 economies) in the Corruption Perceptions Index in 2019, improving from 58th in 2018.¹⁶ Saudi Arabia has been a party to the United Nations Convention against Corruption since January 2013. Key domestic institutions to combat corruption and enhance accountability include the National Anti-Corruption Commission and the General Auditing Bureau. In its 2019 Article IV consultations report, the IMF noted that "Fiscal transparency is critical to support the efficient allocation of government resources, ensure government accountability, and reduce the risks of corruption". It also underscored the importance of continuing reforms to enhance the governance and anti-corruption framework.¹⁷ Issues have been raised by some other analysts regarding transparency and accountability, in particular concerning financial and budgetary affairs.¹⁸

2.17. In 2018, the Government introduced reforms concerning the status of women in society, including entitling them to obtain passports and travel abroad without the approval of a male guardian, and allowing them to drive cars.

2.2 Trade Policy Formulation and Objectives

2.18. During the review period, there was a significant change in Saudi Arabia's institutional framework for trade policy formulation and implementation. The General Authority for Foreign Trade (GAFT) was established in January 2019 as a separate public entity to take over all the responsibilities related to foreign trade that were previously carried out by the Ministry of Commerce.¹⁹ The GAFT is currently responsible for all trade policy matters, including negotiating

¹⁴ Heritage Foundation, *2020 Index of Economic Freedom*. Viewed at: <https://www.heritage.org/index/country/saudi-arabia>, and <https://www.heritage.org/index/book/chapter-3>.

¹⁵ World Bank Group, *Doing Business 2020, Economy Profile, Saudi Arabia*. Viewed at: <https://www.doingbusiness.org/content/dam/doingBusiness/country/s/saudi-arabia/SAU.pdf>.

¹⁶ Transparency International, *Corruption Perceptions Index 2019*. Viewed at: https://www.transparency.org/files/content/pages/2019_CPI_Report_EN.pdf.

¹⁷ IMF, *Saudi Arabia: 2019 Article IV Consultation-Press Release and Staff Report*, 9 September. IMF Country Report No. 19/290, pp.19 and 23. Viewed at: <https://www.imf.org/en/Publications/CR/Issues/2019/09/09/Saudi-Arabia-2019-Article-IV-Consultation-Press-Release-and-Staff-Report-48659>.

¹⁸ Transparency International, *Transparency International Anti-Corruption Helpdesk Answer, An Overview of Corruption and Anti-corruption in Saudi Arabia*. Viewed at: https://knowledgehub.transparency.org/assets/uploads/helpdesk/Country-profile-Saudi-Arabia-2020_PR.pdf.

¹⁹ The Ministry used to be called the Ministry of Commerce and Investment, until the creation of the MISA in February 2020.

international trade agreements, ensuring Saudi Arabia's compliance with its WTO obligations, and representing the Kingdom in the WTO and other international economic organizations.

2.19. In formulating trade policy, the GAFT coordinates with relevant ministries and agencies. The Board of Directors of the GAFT is headed by the Minister of Commerce, and includes representatives from the Ministry of Foreign Affairs; the Ministry of Investment; the Ministry of Transport; the Ministry of Finance; the Ministry of Environment, Water and Agriculture; the Ministry of Energy; the Ministry of Industry and Mineral Resources; the Ministry of Economy and Planning; and the Saudi Food and Drug Authority.²⁰

2.20. The GAFT leads the Saudi Negotiating Team in charge of foreign trade negotiations, including WTO-related matters. The Team comprises the heads of the technical negotiating teams in the areas of goods, services, investment, origin, e-commerce, general provisions, intellectual property rights, and government procurement.

2.21. The private sector contributes to the formulation of trade policy by providing inputs and feedback, either directly to the GAFT or through the Council of Saudi Chambers, which includes 28 chambers of commerce and industry, representing various sectors and regions across the country.²¹

2.22. Trade policy objectives are guided by Vision 2030. Accordingly, the GAFT aims to maximize the Kingdom's contribution to international trade in order to strengthen the national economy. It seeks to achieve this by enabling market access to international markets for Saudi exports of non-oil goods and services, and by providing protection for national goods and services from unfair trade practices abroad. The GAFT also aims to support greater private sector participation in foreign trade. At present, the GAFT is developing the National Foreign Trade Strategy, for which it receives inputs from relevant government entities and the private sector.

2.3 Trade Agreements and Arrangements

2.3.1 WTO

2.23. Saudi Arabia is a Member of the WTO since 11 December 2005. Upon accession, it bound 100% of its tariff lines, and undertook broad commitments under the General Agreement on Trade in Services (GATS), including in sectors such as banking, insurance, capital markets, and legal services. Saudi Arabia also incorporated into its tariff schedule the tariff reductions of the Information Technology Agreement, and accepted the Chemical Tariff Harmonization Agreement. As part of its accession commitments, Saudi Arabia agreed to start negotiations to join the Government Procurement Agreement (GPA) at a future date; presently, it remains an observer to the GPA. It is also an observer to the Committee on Trade in Civil Aircraft.

2.24. On 26 July 2016, Saudi Arabia ratified the Protocol concerning the WTO Trade Facilitation Agreement (TFA). It designated all provisions in Section 1 of the Agreement under Category A, meaning that the Kingdom committed to their implementation upon the entry into force of the TFA (22 February 2017).²² Saudi Arabia also accepted the Protocol Amending the TRIPS Agreement (on 29 May 2012), which came into force on 23 January 2017.

2.25. The trade policies of Saudi Arabia have been reviewed twice at the WTO; the second Review took place on 4 and 6 April 2016.

2.26. Saudi Arabia participates actively in the negotiations and other work of the Organization. It is a member of the group of recently acceded members (Article XII Members)²³, the WTO Arab Group, the group of Asian Developing Members, and the Informal Group of Developing Countries. Saudi Arabia supports the Enhanced Integrated Framework (EIF), and has made monetary contributions to its implementation. During the review period, with the support of the WTO Secretariat, the GAFT

²⁰ MC, H.E. Al-Harbi Expresses His Thanks and Appreciation to the Custodian of the Two Holy Mosques for Being Appointed as Governor of the General Authority for Foreign Trade. Viewed at: <https://mci.gov.sa/en/mediacenter/News/Pages/23-03-19-01.aspx>.

²¹ Council of Saudi Chambers, *About Us*. Viewed at: <https://csc.org.sa/?lang=en>.

²² WTO document G/TFA/N/SAU/1, 30 November 2018.

²³ The Group of Article XII is composed of Members that joined the WTO after 1995.

organized technical assistance workshops on notifications, e-commerce, trade negotiating skills, and the preparations for MC12.

2.27. Saudi Arabia is a strong supporter of the multilateral trading system and the WTO. As stated by its Minister of Commerce at the Eleventh Ministerial Conference of the WTO (Buenos Aires, December 2017), Saudi Arabia believes the multilateral trading system can deliver fair, balanced, and equitable outcomes and generate further growth and prosperity; hence, it advocates for Members to support and reinforce multilateral trade rules, and safeguard and strengthen the WTO.²⁴ Saudi Arabia's negotiating interests span a wide range of issues, including the achievement of positive outcomes regarding the Net Food Importing Developing Countries' programme, a permanent solution for Public Stockholding for Food Security Purposes, domestic regulation disciplines in trade in services, the phasing-out of illegal, unreported, and unregulated fishing subsidies, and the e-commerce work programme.²⁵ In 2019, Saudi Arabia joined the Joint Ministerial Statements (Initiatives) on e-commerce, investment facilitation for development, domestic regulation in services, and the informal programme on micro, small, and medium-sized enterprises (MSMEs). The Saudi authorities are of the view that they have undertaken extensive commitments upon their accession to the WTO, and wish all countries to do the same. They also recognize the centrality of the development dimension in the work of the WTO.

2.28. In 2020, Saudi Arabia assumed the presidency of the G20. During its tenure, two extraordinary G20 Trade and Investment Ministerial Meetings were held (in March and April) to address the challenges posed by the COVID-19 pandemic. At their second meeting, the Ministers endorsed short-term actions to support global trade and investment in response to the pandemic, and long term actions "to support the necessary reform of the WTO and the multilateral trading system, build resilience in global supply chains and strengthen international investment".²⁶

2.29. Also during its G20 presidency, Saudi Arabia launched and actively promoted the Riyadh Initiative on the Future of the WTO, which aims to identify common ground and shared principles for the next 25 years of the WTO, and to provide the political support needed to make progress in the discussions on WTO reforms among all WTO Members. A Focus Group was created within the G20 Trade and Investment Working Group (TIWG) to focus the Riyadh Initiative discussions on some strategic questions pertaining to the multilateral trading system and the future of the WTO. At their meeting on 22 September 2020, the Trade and Investment Ministers took note of the summary of the discussions prepared by the Chair of the TIWG, and the document was transmitted to the General Council of the WTO.²⁷ The Ministers also declared that, amid the COVID-19 pandemic, they would continue their cooperation and coordination to: (i) support the recovery of international trade and investment; (ii) support the necessary reform of the WTO to which the Riyadh Initiative provided political support; (iii) encourage greater international competitiveness of MSMEs; (iv) foster economic diversification; and (v) strengthen international investment.²⁸

2.30. At the Riyadh Summit, on 21-22 November 2020, the leaders of the G20 explicitly recognized the contribution that the Riyadh Initiative has made "...by providing an additional opportunity to discuss and reaffirm the objectives and foundational principles of the multilateral trading system as well as to demonstrate our ongoing political support for the necessary reform of the WTO, including in the lead up to the 12th WTO Ministerial Conference".²⁹

²⁴ WTO document WT/MIN(17)/ST/115, 9 January 2018.

²⁵ WTO document WT/MIN(17)/ST/115, 9 January 2018.

²⁶ The Ministerial Statement was submitted to the WTO; see WTO document WT/GC/216, 20 May 2020, which contains the Annex "G20 Actions to Support World Trade and Investment in Response to COVID-19".

²⁷ Annex 1 to the G20 Trade and Investment Ministerial Meeting Communiqué of 22 September 2020, WTO document WT/GC/221, 29 September 2020.

²⁸ WTO document WT/GC/221, 29 September 2020.

²⁹ G20 Leaders' Declaration, Riyadh Summit, 21-22 November 2020, WTO document WT/L/1101, 25 November 2020, para. 12.

2.31. Saudi Arabia has never been a complainant under the WTO dispute settlement mechanism, but it was a respondent in two cases³⁰ and participated as a third party in 49 cases.³¹ The two cases in which Saudi Arabia was a respondent were requested by Qatar. In the first case (DS528), initiated in 2017, no dispute panel was established, and no mutually agreed solution or withdrawal was notified. In the second case (DS567), a panel was composed on 18 February 2019, and it delivered its report on 16 June 2020. The case concerned alleged infringements of copyrights.³²

2.32. A list of selected notifications made by Saudi Arabia to the WTO during the review period is contained in Table 2.2. Notifications on agriculture domestic support for the most recent years (2018-20) remain outstanding.

Table 2.2 Notifications to the WTO, 2015-20 (30 June)

Agreement/Article	Requirement	Symbol and date of latest notification
Agreement on Agriculture		
Articles 10 and 18.2	Export subsidies (ES:1)	G/AG/N/SAU/20, 09/03/2020
Article 18.2	Domestic support (DS:1)	G/AG/N/SAU/18, 27/02/2020
GATT 1994		
Article XVII:4(a)	State trading activities	G/STR/N/18/SAU, 06/03/2020
Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries		
Paragraph 4(a)	Notification of RTA under the Enabling Clause	WT/COMTD/N/45/Rev.1, 14/07/2015
Agreement on Import Licensing		
Articles 5.1 to 5.4	Changes to import licensing procedures	G/LIC/N/2/SAU/2, 11/02/2020
Agreement on Trade Facilitation		
Articles 1.4, 10.4.3, and 10.6.2	Transparency notifications	G/TFA/N/SAU/2, 23/01/2020
Article 15, Section II	Category A commitments	G/TFA/N/SAU/1, 30/11/2018
Agreement on Rules of Origin		
Article 5:4 of Annex II	Preferential rules of origin	G/RO/N/48, 08/11/2006
Agreement on the Implementation of Article VI of the GATT 1994 (Anti-dumping)		
Article 16.4	Anti-dumping actions (taken within preceding six months)	G/ADP/N/335/SAU, 18/05/2020
Article 18.5	Notification of laws and regulations	G/ADP/N/1/SAU/2/Suppl.1, 20/01/2016
Agreement on Subsidies and Countervailing Measures		
Article 25.1 and GATT Article XVI:1	Subsidies (new and full notification)	G/SCM/N/284/SAU and G/SCM/N/315/SAU, 11/04/2018
Article 32.6	Notification of laws and regulations	G/SCM/N/1/SAU/2/Suppl.1, 20/01/2016
Agreement on Safeguards		
Article 12.1(a)	Initiation of an investigation	G/SG/N/6/SAU/3, 24/10/2019
Article 12.6	Notification of laws and regulations	G/SG/N/1/SAU/2/Suppl.1, 20/01/2016
Agreement on Sanitary and Phytosanitary Measures		
Article 7, Annex B	SPS measures – regular notifications	G/SPS/N/SAU/430, 17/06/2020
	SPS measures – emergency notifications	G/SPS/N/SAU/422/Add.1, 25/03/2020
Agreement on Technical Barriers to Trade		
Article 2.9.2	Technical regulations	G/TBT/N/SAU/1136, 04/06/2020
Agreement on Trade-Related Investment Measures		
Article 6.2	Publications in which TRIMs may be found	G/TRIMS/N/Rev.28, 27/09/2018 (No TRIMs maintained)
Agreement on Trade-Related Aspects of Intellectual Property Rights		
Article 63.2	Notifications of laws and regulations	IP/N/1/SAU/3 and IP/N/1/SAU/C/4, 10/06/2020
Article 69	Notification of Members contact points	IP/N/3/SAU/1, 30/04/2020
General Agreement on Trade in Services		
Articles III:4 and/or IV:2	Enquiry/contact points	S/ENQ/78/Rev.20, 25/03/2020
Article V:7(a)	Economic integration agreements	S/C/N/807/Rev.1, 14/07/2015

Source: WTO Secretariat.

³⁰ Saudi Arabia – Measures Relating to Trade in Goods and Services, and Trade-Related Aspects of Intellectual Property Rights (DS528); and Saudi Arabia – Measures concerning the Protection of Intellectual Property Rights (DS567). For details on these cases, see WTO information at: https://www.wto.org/english/thewto_e/countries_e/saudi_arabia_e.htm.

³¹ WTO, Kingdom of Saudi Arabia and the WTO. Viewed at: https://www.wto.org/english/thewto_e/countries_e/saudi_arabia_e.htm.

³² WTO, DS567: Saudi Arabia – Measures concerning the Protection of Intellectual Property Rights. Viewed at: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds567_e.htm.

2.3.2 Regional and preferential agreements

2.33. Saudi Arabia believes that regional trade agreements can complement and reinforce the multilateral trading system, and help deepen the integration of its economy into the global marketplace.

2.3.2.1 Cooperation Council for the Arab States of the Gulf

2.34. Saudi Arabia is one of the six members of the Cooperation Council for the Arab States of the Gulf (Gulf Cooperation Council (GCC)), a political and economic alliance created in May 1981.³³ The main objectives of the GCC are to enhance regional cooperation and integration in all economic, social, and cultural fields; strengthen ties among member States; develop common regulations in a number of areas, including trade, industry, investment, finance, and communications; and foster scientific and technical progress and encourage cooperation with the private sector.³⁴

2.35. The basis for economic integration among the GCC States is the Economic Agreement signed in November 1981, which called for the establishment of a free trade area as the first step towards integration. The GCC Free Trade Area was established in 1983, and GCC-originating goods were exempt from customs tariffs among member States. The Economic Agreement was comprehensively revised in December 2001, and stipulated the creation of a customs union no later than January 2003. The Agreement was notified to the WTO by Saudi Arabia.³⁵ A factual presentation of the GCC Customs Union was prepared by the WTO Secretariat.³⁶

2.36. Saudi Arabia and the other GCC member States implemented the GCC Common Customs Law on 1 January 2003.³⁷ Pursuant to the Law, a common external tariff (CET) has been applied since then, with *ad valorem* rates of 0% and 5% for most tariff lines. The implementation of the Customs Union required a transitional period for member States to adopt the necessary procedures. The full GCC Customs Union was inaugurated on 1 January 2015, with the Unified Guide for Customs Procedures and the single-point-of-entry principle applying to imports of foreign goods in all GCC member States. However, some differences remain in the implementation of the CET, as each GCC member has the right to keep lists of prohibited and restricted goods.³⁸ Imports that are prohibited in some GCC member States and permitted in others are not allowed to transit through the States in which they are prohibited. Moreover, GCC member States continue to maintain customs check points, for security and other purposes (e.g. statistics, and prevention of piracy and commercial fraud).

2.37. The Gulf Common Market (GCM) was officially launched in January 2008. Among other goals, the GCM aims to achieve equal treatment among citizens of GCC member States in 10 general economic fields, including freedom to engage in economic activities, investment, and property ownership.³⁹ The effective establishment of the GCM remains a work in progress. As indicated in the last TPR report, the objectives of the GCC remain: the completion of the common market, with equal treatment of GCC citizens (about 56 million) in each member State; respect of freedom of

³³ The other members of the GCC are Bahrain, Kuwait, Oman, Qatar, and the United Arab Emirates.

³⁴ GCC, Article 4, *GCC Charter*. Viewed at: <https://www.gcc-sg.org/en-us/AboutGCC/Pages/Primarylaw.aspx>.

³⁵ Saudi Arabia notified the Economic Agreement to the WTO in 2006 as a customs union under Article XXIV of the GATT 1994 (WTO document WT/REG222/N/1, 20 November 2006). In 2007, Saudi Arabia changed the notification from GATT Article XXIV to Paragraph 4(a) of the Enabling Clause (WTO documents WT/REG222/N/1/Corr.1 and WT/COMTD/N/25, 31 March 2008). In 2009, the Agreement was re-notified under Article XXIV of the GATT 1994 (WTO document WT/REG276/N/1/Rev.1, 17 November 2009).

³⁶ WTO documents WT/COMTD/RTA/9/1 and WT/REG276/1, 21 March 2018.

³⁷ Saudi Arabia implements the Common Customs Law under Royal Decree No. 41 of 1423H (2003).

³⁸ The list of prohibited imports maintained by the GCC member States is available in Annex 2 of WTO documents WT/COMTD/RTA/9/1 and WT/REG276/1, 21 March 2018.

³⁹ Pursuant to Article 3 of the Economic Agreement 2001, the general fields include (but are not limited to): movement and residence; work in private and government jobs; pension and social security; engagement in all professions and trades; participation in all economic, investment, and service activities; real estate ownership; capital transfer; taxation treatment; stock ownership and formation of corporations; and education, health, and social services. There are, however, some exceptions among GCC member States in the field of "participation in all economic, investment and service activities" with respect to activities such as commercial agencies; Hajj and Umrah services; and printing presses, publishing, and newspapers. These exceptions are currently under discussion in the GCC. Also, as regards real estate ownership, Saudi Arabia reserves its right to prohibit ownership in the areas of Makkah and Madinah.

movement, work, residence, and ownership of real estate; free movement of capital; and financial and monetary integration. In June 2009, Bahrain, Kuwait, Qatar and Saudi Arabia signed an agreement to form a monetary union. The agreement was ratified and entered into force in February 2010. However, the date for adoption of a single currency is yet to be determined.

2.38. Over the years, the GCC member States have made progress in several areas of economic cooperation, such as agriculture, energy, telecommunications, and transportation. They have also advanced in the development of common legislation by adopting some 17 standard laws.⁴⁰ Likewise, they have made progress in setting up regional institutions, e.g., Gulf Investment Organization, Technical Secretariat for Anti-Dumping, GCC Standardization Organization, Commercial Arbitration Centre, Patents Office, and Technical Office for Telecommunications. In the field of taxation, the GCC member States began rolling out value-added tax in 2018.

2.39. In June 2017, Saudi Arabia, the United Arab Emirates and Bahrain severed diplomatic, trade, and travel ties with Qatar, including restricting access by land, sea, and air. The embargo was lifted in January 2021.

2.40. Establishing trade and economic partnerships with other countries and economic groupings is one of the approaches pursued by the GCC member States to deepen their integration into the world economy. The GCC as a group concluded negotiations for free trade agreements (FTAs) with Singapore and with the member States of the European Free Trade Association (EFTA).⁴¹

2.41. The GCC-Singapore FTA, the first such agreement signed by the GCC, entered into force on 1 September 2013, and was notified to the WTO in June 2015.⁴² The Agreement covers a range of areas, including trade in goods, rules of origin, customs procedures, trade in services, government procurement, and electronic commerce. The Parties agreed to negotiate investment issues at a later stage. GCC member States agreed to eliminate tariffs on 99% of Singaporean exports.⁴³

2.42. The FTA between the GCC and the EFTA entered into force on 1 July 2015.⁴⁴ Its coverage includes trade in goods (industrial and processed agricultural goods, and fish and other marine products), trade in services, government procurement, and competition policy. Certain topics, such as intellectual property rights and investment, were left for subsequent negotiations after the entry into force of the Agreement. Bilateral agricultural agreements cover basic agricultural products, and are an integral part of the legal instruments establishing the free trade area between the GCC and the EFTA.⁴⁵

2.43. During the late 2000s, the GCC engaged in negotiations for free trade agreements with several other countries and economic groupings, including Australia, China, the European Union⁴⁶, India, Japan, the Republic of Korea, MERCOSUR, New Zealand⁴⁷, Pakistan, and Turkey. None of these

⁴⁰ Common laws have been adopted in several areas including: customs; anti-dumping, countervailing, and safeguard measures; patents and trademarks regulation; consumer protection; industrial law; standards and metrology; plant and veterinary quarantine; seeds and seedlings; fertilizers and soil enhancers; practice of veterinary profession; and maritime law.

⁴¹ The EFTA member States are Iceland, Liechtenstein, Norway, and Switzerland.

⁴² WTO documents WT/COMTD/N/45/Rev.1 and S/C/N/807/Rev.1, 14 July 2015.

⁴³ Enterprise Singapore, *The Gulf Cooperation Council (GSFTA) Legal Text*. Viewed at: https://www.enterprisesg.gov.sg/-/media/ESG/Files/Non-Financial-Assistance/For-Companies/Free-Trade-Agreements/GSFTA/GSFTA_Legal_Text.

⁴⁴ According to the EFTA website, the Agreement entered into force on 1 July 2014. Viewed at: <https://www.efta.int/free-trade/free-trade-agreements/gcc>.

⁴⁵ EFTA, *Gulf Cooperation Council (GCC)*. Viewed at: <https://www.efta.int/free-trade/free-trade-agreements/gcc>.

⁴⁶ Negotiations for an FTA with the European Union started in 1990 but were halted in 2008. In May 2017, the European Union and the GCC launched a dedicated Dialogue on Trade and Investment Issues. European Commission, *Gulf Region*. Viewed at: <https://ec.europa.eu/trade/policy/countries-and-regions/regions/gulf-region/>.

⁴⁷ New Zealand Treaties Online, *New Zealand – Gulf Cooperation Council Free Trade Agreement*. Viewed at: <https://www.treaties.mfat.govt.nz/search/details/p/22/2380>.

agreements has been formally concluded.⁴⁸ Currently, only negotiations for an FTA with China are ongoing. The GCC is reviewing its position regarding all its FTA negotiations.

2.44. Some GCC member States (Bahrain and Oman) concluded bilateral FTAs, notably with the United States. In the case of Saudi Arabia, bilateral economic relations with the United States are conducted under the Trade and Investment Framework Agreement (TIFA), signed in 2003. The TIFA is aimed at improving legal protection for investors, strengthening intellectual property protection, enhancing the efficiency of customs procedures, and increasing transparency in government and commercial regulations. The GAFT is currently assessing the potential to expand the Kingdom's network of FTAs in light of the Vision 2030 goals.

2.3.2.2 Pan-Arab Free Trade Area (PAFTA)

2.45. Saudi Arabia is a member of the PAFTA, also known as the Greater Arab Free Trade Area, which was established in 1998 under the umbrella of the League of Arab States.⁴⁹ The Economic and Social Council of the League of Arab States is the main body responsible for the implementation of the Agreement. By 1 January 2005, the majority of tariff and non-tariff barriers among PAFTA members had been eliminated, with the exception of some products (mostly agricultural goods) that were excluded from liberalization. The PAFTA Treaty was notified by Saudi Arabia to the WTO under Article XXIV of GATT/1994 in 2006.⁵⁰

2.46. Since the last Review, an Agreement on Trade in Services has been concluded among the countries of the League of Arab States. Saudi Arabia was the first to ratify the Agreement and the schedule of commitments, and it started its implementation in October 2019. However, negotiations on the implementation details of some PAFTA provisions on rules of origin and non-tariff barriers are still ongoing, as reported in the previous Review.

2.3.3 Other agreements and arrangements

2.47. Saudi Arabia does not use trade preferences under the Generalized System of Preferences (GSP),⁵¹ nor does it participate in the Global System of Trade Preferences among Developing Countries (GSTP).

2.4 Investment Regime

2.48. Increasing private investment, both foreign and local, is a key component of Saudi Arabia's strategy to stimulate and diversify its economy, generate employment, and achieve sustainable development. One of the key goals of Vision 2030 is to increase foreign direct investment into the country from 3.8% of GDP to 5.7%. Hence, the Government actively seeks to attract investment projects that promote the development of non-oil sectors, transfer foreign technology and expertise, create new jobs, and increase exports. Several sectors have been identified as priority areas for foreign and domestic investment, including transport and logistics, information and communications technology (ICT), health and biotechnology, education, tourism, entertainment, industry (mining and manufacturing), and renewable energy.

2.49. As part of its broader reform agenda, over the past years, Saudi Arabia opened up new sectors to foreign investment; implemented legal and institutional changes to improve the business climate and facilitate investment, including the streamlining of licensing procedures (see below); provided services and assistance to investors; and pursued negotiations of bilateral investment treaties. In addition, in 2019, Saudi Arabia adopted a set of Guiding Principles for Investment Policymaking, including non-discrimination, investment protection, investment sustainability, enhanced

⁴⁸ United Arab Emirates Ministry of Economy, *Free Trade Agreements*. Viewed at: <https://www.economy.gov.ae/english/Ministry/MinistrySectors/ForeignTradeSector/Trade-Negotiations-WTO/Trade-Agreements/Pages/default.aspx>.

⁴⁹ PAFTA membership includes Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates, and Yemen.

⁵⁰ WTO document WT/REGG223/N/1, 20 November 2006.

⁵¹ Saudi Arabia is eligible to receive trade preferences under the GSP schemes of Armenia, Australia, Kazakhstan, New Zealand, the Russian Federation, and Turkey. WTO, *PTA database*. Viewed at: <http://ptadb.wto.org/Country.aspx?code=682>.

transparency in the provision of incentives, protection of public policy concerns, ease of entry for employees, and the transfer of knowledge and technology (Box 2.1).

Box 2.1 Investment principles

1. Ensure equality between Saudi and non-Saudi investors, and among non-Saudi investors.
2. Ensure the protection of investments, in line with the Kingdom's regulations.
3. Enhance the sustainability of investments, and deal with investor complaints in a transparent manner.
4. Provide investment incentives when needed, and ensure full transparency when granting them. Provide a list of investment incentives and grant them in accordance with general, clear, and non-discriminatory criteria.
5. Maintain environmental and social standards in order to ensure that Saudi and non-Saudi investors comply with regulations regarding labour, health, and environmental safety, in accordance with national regulations and policies and the international conventions to which Saudi Arabia has acceded.
6. Facilitate entry procedures for non-Saudi employees, including technicians, administrators, and their dependents. Arrange their residency in the Kingdom to facilitate their participation in activities related to foreign investment, in accordance with the Kingdom's regulations and its international obligations.
7. Transfer and localize science and technology resulting from foreign direct investment, in accordance with the Kingdom's international obligations.

Source: Ministry of Investment, *Investment Principles and Policies in the Kingdom*. Viewed at: <https://www.misa.gov.sa/en/investment-principles/>.

2.50. Since the previous Review, an important institutional change has been the transformation, in February 2020, of the Saudi Arabian General Investment Authority (SAGIA) into the fully fledged Ministry of Investment (MISA), with overall responsibility for setting and implementing policies to attract local and foreign investment. Until then, the SAGIA was the entity in charge of formulating investment policies, proposing plans to enhance the investment climate, issuing investment licences, and assisting investors to set up and operate their businesses. The MISA took over all of these functions, and was endowed with more powers and resources to effectively achieve its objectives. It provides a wide range of services to investors, supporting them along the different phases of their investment project, through its five Business Centers located across the country.

2.51. The MISA has launched several initiatives that aim to improve the investment environment and foster competition. Notably, it has issued the Consolidated Investment Plan, aimed at working closely with all relevant government agencies and leading Saudi companies to attract investment and channel it into the most promising economic sectors, while also making the traditional sectors more competitive. Other initiatives are geared towards marketing investment opportunities in the Kingdom in cooperation with the chambers of commerce. "Invest Saudi" was established as the national investment brand, with the aim of promoting investment projects in Saudi Arabia and enhancing the image of the country's investment climate. It functions as a communication platform that serves and connects all government entities engaged in investment matters.⁵² Other reforms aimed at attracting investment include the establishment of Tayseer, a government committee mandated to continuously improve the way business is conducted in the Kingdom; and the issuance of Ministerial Resolution No. 713 on public consultation with stakeholders regarding proposed legislation, which seeks to improve the transparency and predictability of business regulations.

2.52. It is also worth noting that Saudi Arabia passed a new Bankruptcy Law that came into force in August 2018. The Law allows indebted companies to continue operating while rescheduling their debts, and establishes a specialized committee under the Ministry of Commerce to take charge of all bankruptcy procedures. The Law aims to improve the business environment, making Saudi Arabia a more investor-friendly destination.

2.53. The foreign investment regime is mainly governed by the Foreign Investment Law, 2000⁵³, and its Implementing Regulations, 2002, as amended by Resolution No. 2/74, 2014, of the Saudi Arabian General Investment Authority Board. Also relevant is the Law of Real Estate Ownership and Investment by Non-Saudis, 2000⁵⁴, as amended by Royal Decree No. M/94, 2018.⁵⁵

⁵² Invest Saudi, *About Invest Saudi*. Viewed at: <https://investsaudi.sa/en/about/about-invest-saudi/>.

⁵³ Royal Decree No. M/1 of 5/01/1421H, 10 April 2000.

⁵⁴ Royal Decree No. M/15 of 17/04/1421H, 19 July 2000.

⁵⁵ Royal Decree No. M/94 of 15/09/1439H (2018). The purpose of the amendment was to facilitate the acquisition by non-Saudi entities of real estate in the cities of Makkah and Madinah, on an exceptional basis, under certain conditions, and in accordance with the relevant regulations.

The authorities indicated that the draft of a new single investment law, which will grant equal treatment to national and foreign investors, is in its final stages.

2.54. Under the current Foreign Investment Law, a foreign investor may invest as a shareholder in a company owned by a Saudi national, or establish a 100% foreign-owned company (with certain exemptions). In both cases, the prospective foreign investor must obtain an investment licence from the MISA. Licensing procedures for foreign investments were simplified and expedited in recent years: requirements for new licences were reduced to two documents; licences are now issued within 3 hours (previously 20 hours); an instant licence renewal procedure was set up; and the validity of the licences was extended from one to five years.⁵⁶

2.55. Depending on the type of business, foreign firms may also be required to obtain registration/approval from other competent authorities, such as the Ministry of Commerce, the Ministry of Health, the Ministry of Tourism, the Communication and Information Technology Commission, and the Capital Market Authority. Foreign investors from GCC member States are treated as Saudi nationals for the purpose of investment, and are not required to obtain a foreign investor licence, provided they are not in partnership with a non-GCC investor.

2.56. The most common legal forms for establishing a company are limited liability company, joint-stock company, and branch of a foreign company; other legal forms are also permitted, such as sole proprietorship and general partnership. The new Companies Law, promulgated in 2016, allows a single person to set up a corporation (previously, the minimum was two persons) in limited cases, and reduced the number of shareholders required to form a joint-stock company from five to two.

2.57. Foreigners may invest in practically all sectors of the economy, except for some activities specified on a "negative list" (Table 2.3), which is issued and revised periodically by the Council of Economic and Development Affairs. Since the previous Review, several activities have been removed from the negative list and were opened up to foreign investment, including real estate brokerage; printing and publishing; audio-visual and media services; land transport services; recruitment and employment services; manufacturing of certain military equipment, devices, and uniforms; and manufacturing of civilian explosives. Other services sectors that have been opened to foreign investment in recent years are banking and insurance, distribution services (except for commission agencies), aircraft maintenance and repair, computer reservations systems, basic and value-added telecommunication services, and computer and related services.⁵⁷

Table 2.3 List of businesses prohibited from foreign investment, 2020

Sector
<p>Manufacturing</p> <ul style="list-style-type: none"> ▪ Oil exploration, drilling, and production, except mining services listed in categories 5115 and 883 of the International Standard Industrial Classification Codes
<p>Services</p> <ul style="list-style-type: none"> ▪ Catering to military sectors ▪ Security and detective services ▪ Real estate investment in the holy cities of Makkah and Medina ▪ Tourist orientation and guidance services for religious tourism related to Hajj and Umrah ▪ Recruitment offices ▪ Commission agents, internationally classified in CPC 621 ▪ Services provided by midwives, nurses, physical therapy services, and quasi-doctoral services, internationally classified in CPC 93191 ▪ Poison centres, blood banks, and quarantine services ▪ Fisheries

Source: Ministry of Investment (2020), *Services Manual. Eighth Edition*, January. Viewed at: <https://www.misa.gov.sa/media/1128/moi-service-manual-8th-edition-en-v4.pdf>.

2.58. Foreign investment licences vary according to sector and type of investment, with each having its own regulations and conditions, such as minimum capital requirements and caps on foreign ownership, i.e. minimum Saudi participation (Table 2.4). Since the last Review, some of these

⁵⁶ Information provided by the authorities. See also UNCTAD, *Investment Policy Measures – Saudi Arabia*. Viewed at: <https://investmentpolicy.unctad.org/investment-policy-monitor/190/saudi-arabia>.

⁵⁷ Information provided by the authorities.

requirements have been eased or removed. For example, in 2016, the retail and wholesale sectors were opened to 100% foreign ownership (they were previously limited to 75% and subject to a minimum capital requirement of SAR 20 million). Since 2017, foreign investors may have full ownership of engineering services companies and associated consultancies, provided that the company is at least 10 years old and operates in at least four countries.⁵⁸

Table 2.4 Types of licences, minimum capital requirement, and percentage of Saudi partnership, 2020

Licence type	Minimum capital (SAR)	Minimum Saudi participation
Commercial firm with Saudi Partner	26.6 million	25%
100% foreign commercial firm	foreign capital not less than 20 million	
Basic communications	30 million	--
Value-added communications	--	40%
Insurance	--	30%
Reinsurance	--	40%
Property financing	200 million	40%
Property investment	30 million (covering land and construction); these must be outside the perimeter of the two Holy Mosques	--
Management of construction projects, detailed engineering design and engineering, procurement, and construction contracts	--	25%
Public transport (bus transport within cities)	500,000	30%
Public transport (metro transport within cities)	500,000	20%
Joint-stock company	500,000	--
Joint-stock one-person company	5 million	--
Other transport activities	10 million	--

Notes: There is no minimum limit for the capital of property development projects. Government and semi-government companies are excluded.

Source: Ministry of Investment (2020), *Services Manual. Eighth Edition*, January. Viewed at: <https://www.misa.gov.sa/media/1128/moi-service-manual-8th-edition-en-v4.pdf>.

2.59. Licensed foreign investments are entitled to all benefits, incentives, and guarantees accorded to wholly Saudi-owned companies.⁵⁹ Such benefits include ownership of freehold property necessary for carrying out the licensed activity and for housing staff; the possibility to sponsor foreign employees, subject to certain conditions; benefits granted under the double-taxation treaties to which Saudi Arabia is a signatory; and protection against expropriation and confiscation. A court order is necessary in order to confiscate a foreign investment, and it may not be expropriated, in whole or in part, except for reasons of public interest and against an equitable compensation.⁶⁰

2.60. Foreign investors have the right to transfer abroad profits, capital gains, funds derived from the sale of equity, and any amounts required to settle contractual obligations pertaining to their investment. Resident companies in Saudi Arabia that are wholly owned, either directly or indirectly, by foreign investors (i.e. non-Saudi and non-GCC natural or juridical persons) are subject to corporate income tax on profits and capital gains at a flat rate of 20%. Whereas resident companies that are wholly owned, either directly or indirectly, by Saudi or GCC nationals, with no non-GCC entity in the ownership structure, do not pay corporate income tax but are subject to a religious levy on net assets, called Zakat, at a rate of 2.5%.⁶¹ However, if the activity of the resident company is

⁵⁸ UNCTAD, *Investment Policy Measures, Saudi Arabia*. Viewed at: <https://investmentpolicy.unctad.org/investment-policy-monitor/190/saudi-arabia>.

⁵⁹ Article 6, Foreign Investment Law.

⁶⁰ Article 11, Foreign Investment Law.

⁶¹ Resident companies that are jointly owned by mixed companies (i.e. companies owned by Saudi/GCC and foreign nationals) are subject to Zakat in proportion to the Saudi/GCC ownership, and to corporate income tax in proportion to the foreign ownership.

in the hydrocarbons and natural gas industry, only the corporate income tax is levied, regardless of the nationality or origin of its shareholders. Withholding taxes are applied to payments made to any non-Saudi resident who derives income from a source in Saudi Arabia; the withholding tax rate ranges from 5% for dividends and technical services to 15% for transfers to related parties, and 20% for management fees.⁶² There are no taxes on personal income.

2.61. The Government offers financial and other incentives to foreign and local investors alike (Section 3.3.1). Foreign investors can also have access to some regional financial programmes, such as those offered by the Arab Fund for Economic and Social Development, the Arab Investment and Export Credit Guarantee Corporation, the Islamic Development Bank, and the Arab Monetary Fund.

2.62. In recent years, the Government introduced new local content measures in a bid to increase sourcing of domestic goods and services. Vision 2030 sets out ambitious objectives for increasing local content in the oil and non-oil sectors of the economy. Under the National Industrial Development and Logistics Program (NIDL), local content is considered a key enabler for boosting domestic demand, GDP growth, and job creation. Accordingly, the NIDL establishes a general framework, with strategies and measures to be applied by government agencies, private companies, and individuals to increase local content in different sectors of the economy (Section 4.3).

2.63. Foreign investors must also comply with the Government's Saudization policy (Nitaqat), a long-term plan aimed at increasing the proportion of Saudi employees (including women) in the economy.⁶³ The policy requires companies to employ a certain percentage of Saudi citizens, which ranges from 5% to 75% based on the nature of the business, the work conditions, and the availability of Saudi employees in the field. Foreign investors must include their Saudization levels when submitting their investment plans for approval. There are also limits on the number of visas for foreign workers available to companies. Reportedly, in recent years, Saudization measures have been reinforced, by requiring that only Saudi citizens be employed in certain economic sectors (such as mobile phone stores, car rental agencies, and retail sales jobs in a dozen sectors).⁶⁴ Additionally, since the last Review, the Government has implemented new fees for expatriate employers (which are paid per employee per month). It has also increased levies on expatriates with dependents, and imposed higher fees for business visas and entry/exit permits for foreign workers.

2.64. Saudi Arabia continued to expand its network of bilateral investment treaties (BITs) and double-taxation agreements. Currently, the Kingdom maintains 25 BITs. Two of these were signed during the review period, with Iraq and Jordan, but only the treaty with Jordan entered into force (Table 2.5). Saudi Arabia also has 51 agreements on double taxation and/or prevention of tax evasion in force, plus another 6 that were signed but have not yet entered into force. Since 2016, 14 such agreements have been signed (Table 2.6). Moreover, Saudi Arabia is a signatory to the Convention on Mutual Administrative Assistance in Tax Matters, which came into effect in the Kingdom on 1 April 2016.⁶⁵

Table 2.5 Bilateral investment treaties

	Status	Date of signature	Date of entry into force
Austria	In force	30/06/2001	25/07/2003
Azerbaijan	In force	09/03/2005	20/05/2011
Belarus	In force	20/07/2009	07/08/2010
Belgium-Luxembourg Economic Union	In force	22/04/2001	11/06/2004
China	In force	29/02/1996	01/05/1997
Czech Republic	In force	18/11/2009	13/03/2011
France	In force	26/06/2002	18/03/2004
Germany	In force	29/10/1996	08/01/1999
Iraq	Signed	17/04/2019	Not in force yet
India	Terminated	25/01/2006	20/05/2008
Indonesia	In force	15/09/2003	05/07/2004

⁶² The standard for the WHT is residence (not nationality). Accordingly, a payment made from Saudi Arabia to a Saudi person who does not reside in the Kingdom is subject to withholding tax.

⁶³ Around 75% of jobs are currently held by foreigners.

⁶⁴ US Department of State, *2019 Investment Climate Statements: Saudi Arabia*. Viewed at: <https://www.state.gov/reports/2019-investment-climate-statements/saudi-arabia/>.

⁶⁵ OECD, *Jurisdictions Participating in the Convention on Mutual Administrative Assistance in Tax Matters, Status – 9 December 2020*. Viewed at: https://www.oecd.org/tax/exchange-of-tax-information/Status_of_convention.pdf.

	Status	Date of signature	Date of entry into force
Italy	In force	10/09/1996	22/05/1998
Japan	In force	30/04/2013	07/04/2017
Jordan	In force	27/03/2017	27/04/2018
Korea, Republic of	In force	04/04/2002	19/02/2003
Malaysia	In force	25/10/2000	14/08/2001
Philippines	In force	17/10/1994	11/11/1996
Singapore	In force	10/04/2006	05/10/2007
Spain	In force	09/04/2006	14/12/2016
Sweden	In force	11/03/2008	01/10/2009
Switzerland	In force	01/04/2006	09/08/2008
Chinese Taipei	Signed	31/10/2000	Not in force yet
Turkey	In force	08/08/2006	05/02/2010
Ukraine	In force	09/04/2008	18/02/2009
Uzbekistan	In force	06/06/2011	24/01/2014

Source: UNCTAD, *Investment Policy Hub, Saudi Arabia*. Viewed at: <https://investmentpolicy.unctad.org/international-investment-agreements/countries/185/saudi-arabia?type=bits>.

2.65. Saudi Arabia is a member of the Multilateral Investment Guarantee Agency (MIGA). It is also a party to the Convention of the International Centre for the Settlement of Investment Disputes (ICSID); although, according to its terms of accession, specific consent from the Kingdom is required before any investment dispute can be referred to the ICSID for arbitration. Specifically, Saudi Arabia reserved the right not to submit any questions pertaining to oil and acts of sovereignty for conciliation or arbitration under the ICSID. Since 1994, Saudi Arabia has been a party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

Table 2.6 Agreements/conventions on double taxation and prevention of tax evasion

	Date of signature	Date of entry into force
Albania ^a	06/02/2019	01/12/2019
Algeria	09/12/2013	01/03/2016
Austria	19/03/2006	01/06/2007
Azerbaijan	13/05/2014	01/05/2015
Bangladesh	04/01/2011	01/10/2011
Belarus	20/07/2009	01/08/2010
Bulgaria ^a	29/11/2017	01/01/2019
China	23/01/2006	01/10/2006
Cyprus ^a	03/01/2018	01/03/2019
Czech Republic	25/04/2010	01/05/2013
Egypt ^a	08/04/2016	01/07/2017
Ethiopia	28/02/2013	01/10/2016
France (2 nd protocol)	18/02/2011	01/06/2012
Gabon	17/12/2015	Not in force yet
Georgia ^a	14/03/2018	01/04/2019
Greece	19/06/2008	01/05/2010
Hong Kong, China ^a	24/08/2017	01/09/2018
Hungary	24/03/2014	01/05/2015
India	25/01/2006	01/11/2006
Ireland	19/10/2011	01/12/2012
Italy	13/01/2007	01/12/2009
Japan	15/11/2010	01/09/2011
Jordan ^a	19/10/2016	01/09/2017
Kazakhstan	07/06/2011	01/09/2016
Korea, Republic of	24/03/2007	01/12/2008
Kosovo ^{a,b}	20/10/2019	Not in force yet
Kyrgyz Republic	02/12/2014	01/10/2015
Latvia ^a	07/11/2019	Not in force yet
Luxembourg	07/05/2013	01/09/2014
Malaysia	31/01/2006	01/07/2007
Malta	04/01/2012	01/12/2012
Mauritania ^a	02/12/2018	Not in force yet

	Date of signature	Date of entry into force
Mexico ^a	17/01/2016	01/03/2018
Morocco	14/04/2015	Not in force yet
Netherlands	13/10/2008	01/12/2010
North Macedonia	15/12/2014	01/05/2016
Pakistan	02/02/2006	01/12/2006
Poland	22/02/2011	01/06/2012
Portugal	08/04/2015	01/09/2016
Romania	26/04/2011	01/07/2012
Russian Federation	11/02/2007	01/02/2010
Singapore	03/05/2010	01/07/2011
South Africa	13/03/2007	01/05/2008
Spain	19/06/2007	01/10/2008
Sweden	19/10/2015	31/08/2016
Switzerland ^a	18/02/2018	Not in force yet
Syrian Arab Republic	07/10/2009	01/10/2010
Tajikistan	13/05/2014	01/06/2015
Tunisia	08/07/2010	01/04/2013
Turkey	09/11/2007	01/04/2009
Turkmenistan ^a	01/05/2016	01/04/2017
Ukraine	02/09/2011	01/12/2012
United Arab Emirates ^a	23/05/2018	01/04/2019
United Kingdom	31/10/2007	01/01/2009
Uzbekistan	18/11/2008	01/11/2010
Venezuela	11/11/2015	01/12/2016
Viet Nam	10/04/2010	01/02/2011

a Agreements signed since 2016.

b All references to Kosovo in this report should be understood to be in the context of United Nations Security Council Resolution 1244 (1999).

Source: Information provided by the authorities.

2.66. In 2012, Saudi Arabia adopted a new arbitration law⁶⁶ that enabled the establishment of the Saudi Centre for Commercial Arbitration in 2016, whose awards can be enforced in domestic courts. In June 2017, the implementing regulations to the arbitration law came into effect. The same year, the United Nations Commission on International Trade Law (UNCITRAL) added Saudi Arabia to the list of jurisdictions having adopted an arbitration law based on the UNCITRAL Model Arbitration Law. These steps are expected to give more certainty to the enforcement of foreign arbitral awards within the Saudi legal system.⁶⁷ Prior to the passing of the new arbitration law, any arbitral award had to be ratified by a supervising court (the Board of Grievances) in order to be enforceable. Under the 2012 law, the supervising court only has the authority to review the award (and not the merits of the case) to ensure compliance with Shariah law, public order, and/or the arbitration agreement, and to ascertain that it does not contradict any previous judgements and was properly served on the opposing party.⁶⁸

⁶⁶ Royal Decree No. M/34 of 24/5/1433H, 16 April 2012, concerning the approval of the Law of Arbitration. Viewed at: <https://www.idc.gov.sa/en-us/RulesandRegulations1/Arbitration%20Law.pdf>.

⁶⁷ Nesheiwat, F. and Al-Khasawneh, A. (2015), "The 2012 Saudi Arbitration Law: A Comparative Examination of the Law and Its Effect on Arbitration in Saudi Arabia", *Santa Clara Journal of International Law*, Vol. 13, 443 (2015). Viewed at: <http://digitalcommons.law.scu.edu/scujil/vol13/iss2/5>.

⁶⁸ Article 55 B, Royal Decree No. M/34 of 24/5/1433H, 16 April 2012.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures Directly Affecting Imports

3.1.1 Customs procedures, valuation, and requirements

3.1. There have been no significant changes in Saudi Arabia's customs legislation and institutional framework since the last Review. The Gulf Cooperation Council (GCC) Common Customs Law and its Implementation Rules and Explanatory Note remain the basic legislation. Saudi Arabia implemented the GCC Common Customs Law by Royal Decree No. 41 of 1423H (2003), with effect from 1 January 2003. Article 1(ii) of the 2001 Economic Agreement between the GCC member States and Article II.2(c) and (d) of the Implementation Rules require that common customs regulations and procedures be established and applied to imports into the GCC from non-member States.¹

3.2. The Saudi Customs Authority (SCA), under the Ministry of Finance, remains the principal agency responsible for implementing customs procedures. However, several other government agencies are responsible for specific products or issues related to imports, such as the Saudi Food and Drug Authority (SFDA); the Ministry of Environment, Water and Agriculture; and the Saudi Standards, Metrology and Quality Organization (SASO).

3.3. During the review period, Saudi Arabia introduced important changes in customs procedures; notably, the SCA enhanced an electronic data interchange system, an electronic trade single window that allows electronic submission and processing of import declarations. Moreover, Saudi Arabia implemented a new risk management system and targeting centre to classify the shipments based on their risk level², launched both an online platform for the certification of imported goods and a truck reservation service at its seaports³, and upgraded its infrastructure at Jeddah. Saudi Arabia now has a country-wide single window for customs procedures.

3.4. Regarding customs procedures, other changes introduced since 2015 include: (i) reducing the required documents for imports to two (invoice and bill of lading); (ii) cancelling the requirement to submit the certificate of origin, but when necessary for export, it can be electronically obtained through the Ministry of Commerce website⁴; (iii) cancelling the requirement for authentication of invoices and documents from the Chamber of Commerce and Embassies; (iv) implementing the post-clearance audit (PCA) and accepting copies of the invoice and bill of lading to speed the process (originals can be requested after clearance through PCA); (v) restructuring the clearance process to allow pre-arrival submission and processing of declarations; and (vi) launching a new economic program for trusted traders.

3.5. Regarding transparency, the SCA implemented some changes during the review period, such as: (i) launching an import and export guide to allow more transparency on the import or export process, in cooperation with other government authorities, through the single window platform; (ii) publishing the customs tariff HS codes on its website and mobile application; (iii) launching a public platform for receiving reports from traders, brokers, employees, and public "clients" on corruption and violation of laws; and (iv) establishing a Customs Committee (an independent customs court) to rule on duty-collection decisions and the variances in customs duties found by the PCA team, which enables the trader to submit a defence and initiate legal proceedings.⁵

3.6. As a result of these measures, Saudi Arabia's world ranking in trading across borders improved from 150th in 2016 to 86th in 2020, out of 190 economies, according to the latest World Bank's Doing Business report. The report states that, with the exception of the cost related to documentary compliance for imports, the time and cost (excluding tariffs) for imports into Saudi Arabia and for

¹ For an explanation of the customs-related procedures under the GCC, see WTO documents WT/COMTD/RTA/9/1 and WT/REG276/1, 21 March 2018.

² According to the authorities, leveraging these systems decreased the manual inspection rate significantly.

³ According to the authorities, this service reduced the crowdedness at the seaport gates to a minimum.

⁴ Ministry of Commerce, *Issuing a Certificate of Origin of Products*, Viewed at: <https://mc.gov.sa/en/eservices/pages/servicedetails.aspx?sid=35>.

⁵ In accordance with Article 1/I/2 of the Implementation Rules of the GCC Common Customs Law.

exports are less than the average in the Middle East and North Africa (MENA) region (Table 3.1).⁶ This is a significant change compared with the situation prevailing in 2015, when the time and cost for imports were greater than the average in the MENA region.⁷

Table 3.1 Summary of time and cost for trading across borders, 2020

	Saudi Arabia	MENA
Time to import: border compliance (hours)	72	94.2
Cost to import: border compliance (USD)	464	512.5
Time to import: documentary compliance (hours)	32	72.5
Cost to import: documentary compliance (USD)	267	262.5
Time to export: border compliance (hours)	37	52.5
Cost to export: border compliance (USD)	319	441.8
Time to export: documentary compliance (hours)	11	66.4
Cost to export: documentary compliance (USD)	73	240.7

Source: World Bank (2020), Doing Business 2020, Economy Profile. Viewed at: <https://www.doingbusiness.org/en/data/exploreconomies/saudi-arabia#>.

3.7. Since the implementation of the GCC Customs Union in 2003, the customs procedures and documentation requirements have been, in principle, the same among the GCC member States. However, implementation of the Common Customs Law and application of the Unified Guide for Customs Procedures is the responsibility of each GCC member State's customs agency. Furthermore, each member State may determine its own list of prohibited or restricted products, although members are developing a common list (Section 3.1.6).

3.8. All enterprises, including importers and exporters, irrespective of nationality, must register with the Ministry of Commerce before engaging in any business. Commercial registration is required when applying for import licences (Section 3.1.6) and when clearing customs for imported goods. The commercial registration period is optional, and it is valid for up to five years (renewable for another five years). Using a Saudi commercial agent⁸ is required only when importing/exporting agricultural machinery.

3.9. All commercial imports, irrespective of value, must be declared to the SCA. The SCA also operates a pre-arrival document verification procedure, the Direct Clearance System, for certain products, including new vehicles, pipes, timber, and building materials, upon the request of importers.

3.10. With the goal of clearing customs within 24 hours, all goods are eligible for direct clearance if the required documents are submitted.

3.11. Upon arrival, all imports are subject to customs inspections. Physical inspection may be carried out for goods on a random basis determined by risk profiling. According to the authorities, 100% of imported consignments are subject to X-ray scanning, of which 20% are physically inspected. Upon payment of customs duties, imported goods may be released from the SCA. According to the authorities, the clearance of goods through customs takes an average of two hours, regardless of the mode of transport.

3.12. Consignments of perishable imports, such as items for human consumption, are controlled by the SFDA inspectors at the border, who take a sample for laboratory analysis. In general, the SCA immediately releases consignments with an undertaking from the importer not to distribute the products until the analysis results are disclosed. Customs release of perishable goods does not imply that the imported product may be freely circulated in the market. Free circulation in the market is subject to the decision of the SFDA (Section 3.3.3).

⁶ World Bank, *Ease of Doing Business in Saudi Arabia*. Viewed at: <https://www.doingbusiness.org/en/data/exploreconomies/saudi-arabia#>.

⁷ See Table 3.2 of WTO (2016), *Trade Policy Review of the Kingdom of Saudi Arabia*, Geneva.

⁸ Under the Commercial Agencies Law (Royal Decree No. M/11, 20/2/1382H), a commercial agent is a natural or legal person acting as a representative of foreign distributors/producers, but not a customs broker.

3.13. On 1 January 2018, the SCA introduced the Authorized Economic Operator (AEO) programme, which is based on a partnership between the SCA and businesses to strengthen the security of the international supply chain and provide more trade facilitation benefits.⁹ As at September 2020, 175 companies were approved by the AEO and classified as low-risk business partners that can therefore be trusted by Customs. These companies receive significant benefits that simplify their customs procedures, create greater predictability for business activities at the border, and facilitate the movement of their goods at a lower cost.

3.14. Using customs brokers is voluntary. Customs brokers must be licensed by the SCA and must be nationals of GCC member States.

3.15. There are no legal provisions pertaining to advance rulings. According to the authorities, the SCA answers, on a case-by-case basis, requests for information on customs matters such as classification, valuation, and rules of origin.

3.16. Saudi Arabia uses documentary inspection on shipments before arrival. This is mainly applied on imports, and it can take place only if the importer submits the required documents and shipments are declared prior to their arrival at the port.

3.17. Article 147 of the GCC Common Customs Law specifies the time limits within which the trader can file an appeal. Importers that disagree with Customs' decisions concerning, *inter alia*, classifications, valuation, and intellectual property rights violations may appeal to the Director of Customs or the relevant customs committees. Importers may then refer the case to the Board of Grievances if they are not satisfied with the outcome of the appeal. In 2019, 906 appeal decisions were issued (compared with 421 in 2015).

3.18. On 26 July 2016, Saudi Arabia ratified the Protocol concerning the WTO Trade Facilitation Agreement (TFA). It designated all provisions in Section 1 of the Agreement under Category A¹⁰, meaning that it committed to their implementation upon the entry into force of the TFA (i.e. 22 February 2017).¹¹ According to Article 23.3 of the TFA, the Saudi National Trade Facilitation Committee was established to facilitate both domestic coordination and implementation of the provisions of the Agreement. The committee is headed by the General Authority for Foreign Trade (GAFT)¹² and includes all related government entities in its membership.

3.1.2 Customs valuation

3.19. Saudi Arabia's customs valuation legislation is set out in accordance with the GCC Common Customs Law, its Implementation Rules, and the WTO Agreement on Customs Valuation (CVA).¹³

3.20. The transaction value is the primary basis for determining customs value. The transaction values used are c.i.f. values. In case the transaction value cannot be used, the customs value is calculated by proceeding through the basic methods established by the CVA. No minimum or reference prices are applied. According to the authorities, 98% of import declarations in 2019 were accepted in accordance with the transaction value method.

3.21. During the review period, the main changes introduced regarding customs valuation refer to publishing customs valuation rules on the SCA website¹⁴, and applying the importer's right to appeal without penalty before the Customs Valuation Committee.¹⁵ The Customs Valuation Committee

⁹ AEO is a global standard adopted by the World Customs Organization (WCO) SAFE Framework of Standards, and it was approved by the WCO Council in 2005. It is also a key component of the WTO Trade Facilitation Agreement (TFA).

¹⁰ WTO document WT/PCTF/N/SAU/1, 22 July 2014.

¹¹ WTO document G/TFA/N/SAU/1, 30 November 2018.

¹² GAFT was established in January 2019 to take over all the responsibilities related to foreign trade that were previously carried out by the Ministry of Commerce. The Ministry used to be named Ministry of Commerce and Investment, until the creation of the Ministry of Investment in February 2020. See Section 2.2.

¹³ WTO document G/VAL/N/1/SAU/1, 6 February 2007.

¹⁴ In accordance with Article 12 of the CVA. Saudi Customs, *Basis of Value Determination for Customs Purposes*. Viewed at: <https://www.customs.gov.sa/en/general/basisofvaluedetermination>.

¹⁵ In accordance with Article 11/2 of the CVA and Article 61 of the GCC Customs Law.

handles the settlement of disputes arising between importers and the SCA over valuation. Its decisions are issued and shall be endorsed by the Governor of the SCA.

3.1.3 Rules of origin

3.22. Neither the 2001 Economic Agreement between the GCC member States nor its Implementation Rules contain provisions relating to rules of origin.¹⁶

3.23. Saudi Arabia does not have non-preferential rules of origin.¹⁷

3.24. Saudi Arabia maintains preferential rules for goods originating from countries that it has free-trade agreements with (Section 2.3.2). Under the Pan-Arab Free Trade Area (PAFTA) Agreement, four main criteria apply: value added, change in tariff heading, wholly obtained, and sufficient transformation. As regards the value-added criterion, at least 40% of local value added must be contained in the goods in order to benefit from the preference. Moreover, direct transport is required for maintaining the preference. The agreement signed between the GCC and the EFTA contains a list of goods that have preferential rules of origin. The GCC-Singapore FTA also has its own rules of origin.

3.1.4 Tariffs

3.1.4.1 MFN applied tariffs

3.25. Pursuant to the GCC Common Customs Law, Saudi Arabia has applied the GCC common external tariff (CET) since 1 January 2003. Under the "single port of entry" principle, items imported into Saudi Arabia (or any other GCC member State), and destined for another GCC market, are subject to customs duty only at the first point of entry into the GCC territory.¹⁸ The implementation of the customs union required a transitional period for GCC member States to adopt the necessary procedures. The full GCC Customs Union entered into force on 1 January 2015. However, there remain some differences in the implementation of the CET, as each GCC member State has the right to keep lists of prohibited and restricted goods (Section 3.1.6). The Saudi authorities maintain a public online database of tariff rates applied to imports.¹⁹

3.26. The tariff nomenclature is based on the Harmonized System (HS). Saudi Arabia's 2015 tariff was based on HS12 nomenclature, consisting of 7,325 tariff lines (8-digit), while the 2020 tariff is based on HS17 nomenclature, consisting of 12,690 tariff lines (12-digit). There are no tariff lines subject to tariff quotas, and no lines have "nuisance" rates (Table 3.2).

Table 3.2 Structure of applied MFN and bound tariffs, 2015 and 2020

	2015	2020	Bound rate ^a
Simple average rate (%)	5.2	5.5	10.9
WTO agricultural products	5.9	7.1	14.9
WTO non-agricultural products	5.1	5.2	10.2
Duty-free tariff lines (% of all tariff lines)	11.0	10.6	5.3
Simple average of dutiable lines only	5.9	6.1	11.6
Tariff quotas (% of all tariff lines)	0.0	0.0	0.0
Non- <i>ad valorem</i> tariffs (% of all tariff lines)	1.5	1.3	1.5
Domestic tariff "peaks" (% of all tariff lines) ^b	0.6	1.3	0.3

¹⁶ Article II(f) of the Implementation Rules provides that goods produced in any GCC member State will be treated as of national origin. WTO documents WT/COMTD/RTA/9/1 and WT/REG276/1, 21 March 2018.

¹⁷ WTO document G/RO/N/48, 8 November 2006.

¹⁸ WTO documents WT/COMTD/RTA/9/1 and WT/REG276/1, 21 March 2018.

¹⁹ Saudi Customs, *Tariff Search Engine*. Viewed at: <https://www.customs.gov.sa/en/customsTariffSearch>.

	2015	2020	Bound rate ^a
International tariff "peaks" (% of all tariff lines) ^c	0.6	1.3	1.5
Standard deviation	5.7	5.8	11.1
Nuisance applied rates (% of all tariff lines) ^d	0.0	0.0	0.0

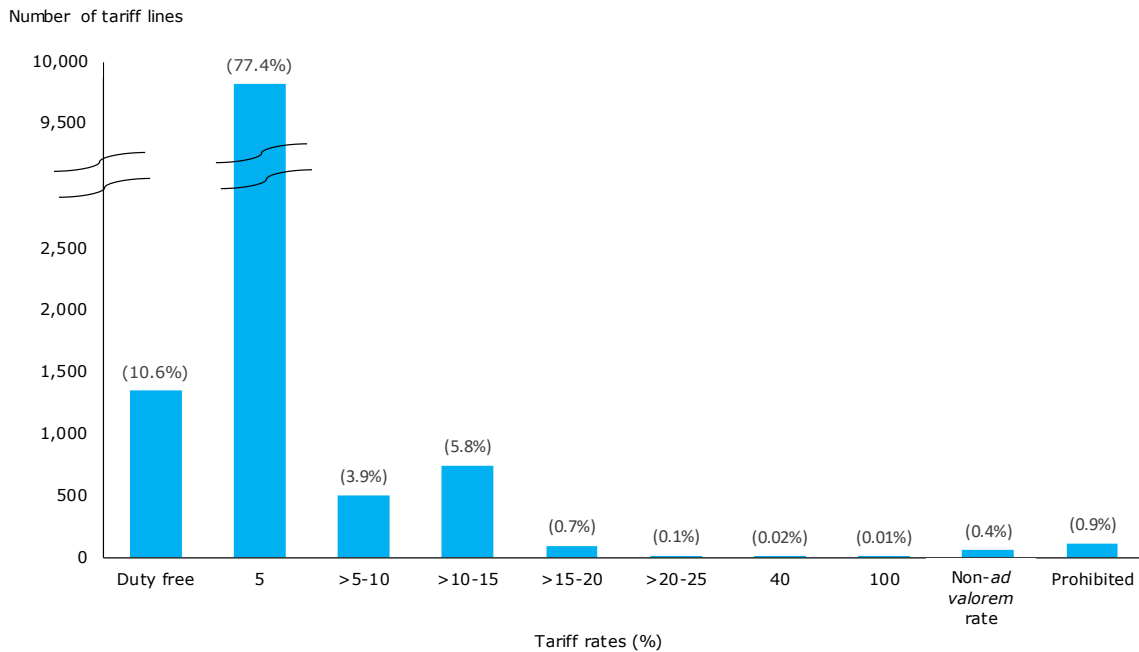
- a Calculations for final bound rates are taken from the CTS database. The final bound schedule is based on HS12 nomenclature (8-digit).
- b Domestic tariff peaks are defined as those exceeding three times the overall average applied rate.
- c International tariff peaks are defined as those exceeding 15%.
- d Nuisance rates are greater than 0% but inferior or equal to 2%.

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.27. Overall, the simple average of Saudi Arabia's 2020 applied MFN tariff rate is estimated at 5.5%, compared with 5.2% in 2015.²⁰ This slight rise is mainly attributable to changes in the tariff structure but also to increases in customs duty rates for some products (e.g. items related to fertilizers (HS 31), meat products (HS 02), and dairy products (HS 04)).²¹ Based on the WTO definition, the average applied rate for agricultural products was 7.1% in 2020 (up from 5.9% in 2015), while for non-agricultural products the average was 5.2%, about the same as in 2015 (5.1%).

3.28. In the 2020 tariff schedule, 10.6% of all tariff lines are duty free (11.0% in 2015), and 77.4% of lines have a 5% rate (79.8% in 2015). A further 9.7% of all tariff rates are greater than 5% and lower than 15% (Chart 3.1).

Chart 3.1 Frequency distribution of MFN tariff rates, 2020



Note: Percentages in parentheses denote the share of total lines. The 2020 tariff schedule consists of 12,690 tariff lines.

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.29. Most tariff lines (98.7%) are subject to *ad valorem* rates, while 1.3% of lines have non-*ad valorem* rates; *ad valorem* equivalents (AVEs) for these lines were not provided by the

²⁰ The analysis of applied tariff rates in this subsection does not take into account the increases in customs duties that took effect in June 2020.

²¹ A full comparison between the 2015 tariff schedule and the 2020 tariff schedule was not possible; some 3.4% of tariff lines could not be compared, mainly due to changes in HS nomenclature and in the structure of the tariff schedule.

authorities. The tariff on some lines is 100% with a minimum specific duty, e.g. the tariff on HS 240220100000 (cigarettes) is 100% with a minimum of SAR 200 per 1,000 units.

3.30. The highest tariff rate of 100% or the *ad valorem* part of 100% for mixed duties (e.g. 100% with a minimum of SAR 200 per 1,000 units) is exclusively levied on tobacco products (HS 24); followed by fruit, vegetables, and plants (up to 40%), and dairy products (up to 25%). The highest simple average applied MFN rate among agricultural goods is for the beverages, spirits, and tobacco category with 27% (Table 3.3).²² With regard to non-agricultural goods, petroleum products have the highest simple average applied MFN rate at 6.7%, followed by wood, pulp, paper, and furniture (6.5%); textiles (6.5%); and leather, rubber, footwear, and travel goods (6.0%).

3.31. In April 2020, the Government raised import tariffs on certain goods, including dairy products, juices, vegetables and olive oils, chemicals, building materials, and vehicles. The changes took effect in June 2020."

Table 3.3 Summary analysis of MFN tariff, 2020

	Number of lines	Simple average (%)	Tariff range (%)	SD ^a	Share of duty-free lines (%)	Share of non- <i>ad valorem</i> tariffs (%)
Total	12,690	5.5	0-100	5.8	10.6	1.3
HS 01-24	1,939	6.6	0-100	13.4	24.3	7.2
HS 25-97	10,751	5.3	0-20	2.8	8.2	0.3
By WTO category						
WTO agricultural products	1,706	7.1	0-100	14.3	22.1	8.2
Animals and products thereof	305	5.4	0-20	7.7	51.8	14.8
Dairy products	55	6.6	5-25	5.2	0.0	0.0
Fruit, vegetables, and plants	399	4.1	0-40	4.0	24.3	4.8
Coffee, tea, and cocoa and cocoa preparations	60	6.0	0-15	4.4	16.7	3.3
Cereals and preparations	243	6.9	0-25	6.4	18.9	0.8
Oils seeds, fats, oil and their products	127	4.9	0-12	1.9	6.3	7.1
Sugars and confectionery	97	5.9	0-15	3.4	19.6	1.0
Beverages, spirits and tobacco	164	27.0	0-100	39.7	1.2	31.1
Cotton	5	5.0	5	0.0	0.0	0.0
Other agricultural products	251	4.2	0-5	1.8	14.7	4.4
WTO non-agricultural products	10,984	5.2	0-20	2.8	8.8	0.3
Fish and fishery products	334	3.6	0-5	2.2	28.1	0.0
Minerals and metals	2,356	5.5	0-15	2.2	2.2	0.4
Chemicals and photographic supplies	2,268	4.6	0-6.5	1.6	9.6	0.1
Wood, pulp, paper and furniture	994	6.5	0-20	5.0	11.9	0.2
Textiles	1,043	6.5	0-15	3.1	0.4	0.1
Clothing	535	5.0	5-12	0.4	0.0	0.0
Leather, rubber, footwear and travel goods	296	6.0	5-15	2.5	0.0	2.7
Non-electric machinery	1,043	4.5	0-15	2.2	14.2	0.0
Electric machinery	537	4.1	0-15	3.8	34.6	0.4
Transport equipment	465	5.3	0-15	3.5	15.7	0.6

²² The presence of a few tariff lines with *ad valorem* rates of 100% and minimum specific duties increases the average tariff for the beverages, spirits, and tobacco category, with a standard deviation of 39.7% (Table 3.3).

	Number of lines	Simple average (%)	Tariff range (%)	SD ^a	Share of duty-free lines (%)	Share of non- <i>ad valorem</i> tariffs (%)
Non-agricultural products	990	4.9	0-15	2.0	7.9	0.1
Petroleum	123	6.7	5-10	2.4	0.0	0.0
By ISIC sector^b						
ISIC 1 – Agriculture, hunting and fishing	753	4.8	0-100	14.0	49.5	4.6
ISIC 2 – Mining and quarrying	566	5.4	0-15	2.1	0.5	1.1
ISIC 3 – Manufacturing	11,370	5.5	0-100	4.9	8.5	1.1
By stage of processing						
First stage of processing	1,784	5.2	0-100	9.2	20.9	2.7
Semi-processed products	3,573	5.1	0-25	1.8	3.9	0.1
Fully processed products	7,333	5.7	0-100	6.0	11.4	1.6

Note: Calculations for averages are based on the national tariff line level (12-digit), excluding in-quota rates. Tariff schedule is based on HS17. In case of non-*ad valorem* rates, the *ad valorem* part is used for mixed rates.

a Standard deviation.

b International Standard Industrial Classification (Rev.2). Electricity, gas, and water are excluded (1 tariff line).

Source: WTO Secretariat, based on the information provided by the authorities.

3.1.4.2 WTO bound tariffs

3.32. With the exception of prohibited products (Section 3.1.6), as listed in Saudi Arabia's Schedule, all tariff lines are bound. The simple average bound tariff rate is 10.9%, almost twice the simple average applied MFN rate of 5.5% (Table 3.2).

3.1.4.3 Preferential rates

3.33. The preferential tariff was not available at the time of drafting. Preferential tariffs are granted to countries that Saudi Arabia has free trade agreements with (Section 2.3.2). Except alcohol, pork, and pork-related products, which are banned on religious grounds (Section 3.1.6), imports from GCC member States and PAFTA members are duty free. Saudi Arabia does not accord preferential tariff rates to imports from least developed countries.

3.1.4.4 Tariff exemption

3.34. Saudi Arabia grants tariff exemptions to national and foreign investors for imports of raw materials, machinery, equipment, and semi-manufactured substances required for industrial production based on the GCC Common Industrial Law. Exemptions from customs duties are also applied to investors in the mining sector (Section 4.2.1).

3.35. There is no tariff drawback system.

3.1.5 Internal taxes collected at the border

3.36. Saudi Arabia introduced the value added tax (VAT) as from 1 January 2018 at a standard rate of 5%. On 1 July 2020, the standard rate was increased to 15% as part of the measures adopted to deal with the economic crisis caused by the COVID-19 pandemic (Section 1.2).

3.37. VAT was introduced as a result of a common approach among the GCC member States, including a unified VAT system for GCC trade. This system is designed to operate where all GCC member States have introduced a domestic VAT system, and processes for exchanging information on intra-GCC trade have been implemented. As such, transitional rules apply to ensure

the appropriate application of VAT until the GCC Agreement measures are implemented in full, including the introduction of an Electronic Services System.²³

3.38. The Unified VAT Agreement for the Cooperation Council for the Arab States of the Gulf (Unified VAT Agreement) was approved by Royal Decree No. M/51 dated 3/4/1438H (31 January 2017). Pursuant to the provisions of the Unified VAT Agreement, Saudi Arabia issued the VAT Law under Royal Decree No. M/113 dated 02/11/1438H (26 July 2017) and its corresponding Implementing Regulations were issued by the Board of Directors of the General Authority of Zakat and Tax (GAZT) by Resolution No. 3839 dated 14/12/1438H (6 September 2017).²⁴

3.39. The GAZT is the authority in charge of the implementation and administration of VAT. In addition to the registration and deregistration of taxable persons for VAT, the administration of VAT return filings and VAT refunds, and the undertaking of audits and field visits, the GAZT also has the power to levy penalties for noncompliance with legal provisions relating to VAT.

3.40. VAT is imposed on all taxable supplies of goods and services made in Saudi Arabia by a taxable person, or received in the country by a taxable person in instances where the reverse charge mechanism applies, as well as on imports of goods.²⁵ VAT is charged by the SCA at the point of entry. The Common Customs Law requires that a customs declaration shall be produced by the importer for any goods entering or leaving the country.²⁶ The named importer, who is licensed to import the goods and is shown as the importer on the customs declaration, is the person liable to pay the VAT.

3.41. The VAT payable on the import of goods must be paid to the SCA, together with the duty and other charges indicated on the customs declaration, to facilitate the release of goods for free circulation. If an importer notices the VAT amount payable is incorrect, due to an error in classification or value, he or she should raise this issue with the SCA before making a payment. The importer can access the summary of VAT paid on imports through the SCA portal. This information is the definitive record of all amounts of VAT paid to the SCA on imports. In all cases, VAT is paid by the importer of goods, and the right to deduction of that import VAT is with the importer, subject to normal deduction rules.

3.42. Import VAT is calculated based on the declared landed value of the goods for customs purposes, inclusive of freight and insurance (equivalent to the CIF value), any taxes, customs, or excise duties, and any incidental handling or storage charges, but excluding VAT, unless the import is exempt. Imports of certain goods, or imports made in certain cases, are exempt from import VAT. These include:

- goods whose supply are exempt or zero-rated for VAT purposes (e.g. qualifying medicines, medical goods, or means of transport)²⁷;
- goods that are exempt from customs duties under specific exemptions in the Common Customs Law: (i) diplomatic exemptions; (ii) military exemptions; (iii) imports of used personal luggage and household appliances that are brought by citizens residing abroad and foreigners who are coming to reside in the country for the first time; (iv) imports of exempt supplies to non-profit organizations; and (v) imports of returned goods²⁸; and
- personal items and gifts carried in travellers' personal luggage, which are exempt in accordance with the Common Customs Law, up to a cap of SAR 3,000 on such imports.²⁹

²³ General Authority of Zakat and Tax, *Value Added Tax (VAT)*. Viewed at: https://gazt.gov.sa/en/RulesRegulations/VAT/Pages/default.aspx#vat_page.

²⁴ General Authority of Zakat and Tax, *Value Added Tax (VAT)*. Viewed at: https://gazt.gov.sa/en/RulesRegulations/VAT/Pages/default.aspx#vat_page.

²⁵ Article 14 of the Implementing Regulations.

²⁶ Article 19 of the Common Customs Law.

²⁷ Article 38(1) of the Unified VAT Agreement.

²⁸ Article 38(2) of the Unified VAT Agreement and Article 42 of the Implementing Regulations.

²⁹ Article 42 of the Implementing Regulations and Article 19 of the Rules of Implementation of the GCC Common Customs Law.

3.43. The supply of goods made before the formal import clearance into Saudi Arabia should be considered as being made outside the Kingdom.³⁰ The supply of goods made after the formal import clearance, when goods are situated in the country, is generally a supply that takes place in Saudi Arabia and is therefore subject to VAT.

3.44. The export of goods outside the GCC territory is subject to the zero-rate of VAT where the appropriate evidence of such is retained.³¹

3.45. On 31 January 2017, Saudi Arabia ratified the GCC Common Excise Tax Agreement. Pursuant to the provisions of the Agreement, Saudi Arabia issued the Excise Tax Law and the Implementing Regulations of the Excise Tax Law. The excise tax is an indirect tax that is chargeable upon releasing certain goods for consumption in Saudi Arabia.³² Two excise tax rates (50% or 100%) are applied to the following goods:

- soft drinks (50%);
- sweetened drinks (50%);
- tobacco-related products (100%);
- energy drinks (100%);
- electronic devices and equipment used for smoking, vaping, and similar activities (100%); and
- liquids consumed in electronic devices and equipment used for smoking, vaping, and similar activities (100%).

3.46. There is an "other duty or charge" imposed on tobacco and tobacco products at SAR 0.03 for each packet, as set out in Schedule CLVIII of the Kingdom of Saudi Arabia, which, the authorities state, is applied for public health reasons.

3.47. For goods left in the SCA's warehouses and not cleared within 10 days of the unloading date, storage charges are levied at SAR 20 per tonne per day; no charges are levied if the delay was not caused by the importer. Goods in transit are subject to a service charge at a rate of 0.004% of the customs value. The authorities indicate that the charge is commensurate with the service cost.

3.48. There are no customs inspection charges imposed on goods. However, an X-ray scanning charge of SAR 100 per container is applied to scanned goods.

3.1.6 Import prohibitions, restrictions, and licensing

3.49. Under the GCC Common Customs Law, each GCC member State determines its own list of prohibited or restricted products, although members are developing a common list.³³ Imports that are prohibited in some GCC member States but permitted in others may not transit through the member States in which they are prohibited.

3.50. In February 2020, Saudi Arabia made a new notification about its import licensing procedures with the aim of helping the business sector, especially small and medium-sized enterprises (SMEs), by removing import barriers and increasing transparency for obtaining import licences, as well as by regulating the importing process.³⁴

³⁰ Article 27(3) of the Implementing Regulations.

³¹ Article 34 of the Unified VAT Agreement.

³² Importing such goods into the country without putting them into a tax warehouse is considered a release for consumption.

³³ The list of prohibited and restricted imports maintained by each GCC member State is available in Annex 2 of WTO documents WT/COMTD/RTA/9/1 and WT/REG276/1, 21 March 2018.

³⁴ According to Ministry of Commerce and Investment Decisions No. 106 and No. 107 of 07/04/1441H, 27 December 2019. WTO document G/LIC/N/2/SAU/2, 11 February 2020.

3.51. Import prohibitions continue to be maintained based on security, public safety, moral, and religious considerations, as well as on international obligations, such as international convention requirements and UN sanction resolutions. According to the authorities, there are 111 prohibited items at the 12-digit level covering, *inter alia*, narcotics, alcoholic beverages, live swine and swine products, and worn clothes (Table 3.4). According to the SCA website³⁵, however, there are 113 products at the 12-digit level because items HS 22030000000 (beer made from malt) and HS 22060000000 (other fermented beverages) are also described as prohibited.

Table 3.4 Import prohibitions, 2020

HS code	Description	No. of 12-digit lines
01	Live animals	3
02	Meat and edible meat offal	15
0203	<i>Meat of swine, fresh, chilled or frozen</i>	6
05	Products of animal origin	5
08	Edible fruit and nuts; peel of citrus fruit or melons	1
09	Coffee, tea, maté and spices	4
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	9
13	Lac; gums, resins and other vegetable saps and extracts	2
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	6
16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	4
17	Sugars and sugar confectionery	1
18	Cocoa and cocoa preparations	2
20	Preparations of vegetables, fruit, nuts or other parts of plants	10
2008	<i>Containing added spirit</i>	10
22	Beverages, spirits and vinegar	18
2208	<i>Undenatured ethyl alcohol; spirits, liqueurs and other spirituous beverages</i>	8
23	Residues and waste from the food industries; prepared animal fodder	1
24	Tobacco and manufactured tobacco substitutes	1
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	6
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	1
29	Organic chemicals	1
36	Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	1
40	Rubber and articles thereof	5
41	Raw hides and skins (other than fur skins) and leather	4
49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	2
63	Other made up textile articles; sets; worn clothing and worn textile articles; rags	1
68	Articles of stone, plaster, cement, asbestos, mica or similar materials	4
85	Electrical machinery and equipment and parts thereof	2
87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	3
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	1
Total		113

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.52. Under the Basel, Rotterdam, and Vienna Conventions, imports of recycled plastic waste are restricted. Imports of ozone-depleting substances under the Montreal Protocol are also restricted.

3.53. Import licensing requirements are applied to imports from all trading partners except other GCC member States.

³⁵ Saudi Customs, *Tariff Search Engine*. Viewed at: <https://www.customs.gov.sa/en/customsTariffSearch>.

3.54. Saudi Arabia does not operate an automatic licensing scheme, while the non-automatic licensing system is maintained for the purpose of meeting requirements of domestic legislation and/or for compliance with international conventions. The list of products subject to licensing requirements is kept by the Ministry of Commerce and may be amended if necessary.

3.55. For imports of each product subject to import licensing requirements, licensing procedures are handled by a single relevant administrative body, and an eligible importer may apply to that authority for a licence (Table A3.1). Licence applications may be submitted 21 days prior to the arrival of goods; it takes a maximum of 30 days to process the applications, but the authorities indicate that licences are usually decided in a shorter period.

3.56. The validity of import licences differs depending on the type of product.³⁶ No licensing fees, other than administrative charges or deposits, are required for issuing a licence. Import licences are not transferable.

3.57. In addition, imports of live animals and birds and of plants for planting also require an application for a licence from the Ministry of Environment, Water and Agriculture on the grounds of SPS considerations (Section 3.3.3). Imports of endangered species of wild fauna and flora under CITES or under national legislation³⁷ must apply to the National Center for Wildlife Development for import permits; the applications must be accompanied by CITES certificates issued by the exporting/re-exporting country.

3.58. The Ministry of Communications and Information Technology is the responsible agency for the approval procedure for information and communication technology (ICT) equipment, prior to manufacturing, importing, distributing, leasing, or selling telecommunications equipment. The procedure is based on established and published technical standards by the Communication and Information Technology Commission and is applied only on this type of equipment.

3.1.7 Contingency measures

3.59. Anti-dumping and countervailing are not permitted in intra-GCC trade, according to Article 1 of the 2001 Economic Agreement between the GCC member States, which eliminated all tariff and non-tariff barriers in internal trade. There are no provisions permitting the imposition of safeguard measures in intra-GCC trade. With respect to extra-GCC trade, Article 8 of the GCC Agreement requires member States to unify their industrial legislation and regulations with respect to rules related to anti-dumping and precautionary safeguards.³⁸

3.60. There have been no significant changes regarding trade remedy measures in Saudi Arabia since its last Review. The GCC Common Law on Anti-dumping, Countervailing and Safeguard Measures (GCC Common Law) and its Implementation Rules (amended) remain the key pieces of legislation.^{39,40} These are applied in Saudi Arabia by Royal Decree No. M/7 dated 20/03/1434H (22 February 2013).

3.61. Under the GCC Common Law, the determination of injury is based on the overall market of the GCC member States.⁴¹ Under the 2010 amendment to the GCC Common Law, the following institutions were established to deal with trade remedy issues within the GCC market: the Ministerial Committee, the Permanent Committee, the Cooperation Council for the Arab States of the Gulf, and the Bureau of Technical Secretariat of Anti-injurious Practice in International Trade (GCC-TSAIP).

3.62. The GCC-TSAIP is the investigating authority for trade remedy proceedings. A complaint must be submitted to the GCC-TSAIP, which reviews it and submits an initial report to the Permanent Committee, with a recommendation on whether to pursue an investigation. Based on the initial

³⁶ Extension of validity may be granted if it is in the public interest.

³⁷ The Act of Environment, Royal Decree No. M/165, 10 July 2020.

³⁸ WTO documents WT/COMTD/RTA/9/1 and WT/REG276/1, 21 March 2018.

³⁹ WTO documents G/ADP/N/1/SAU/2; G/SCM/N/1/SAU/2; and G/SG/N/1/SAU/2, 12 November 2014.

⁴⁰ WTO documents G/ADP/N/1/SAU/1; G/SCM/N/1/SAU/1; and G/SG/N/1/SAU/1, 11 March 2009.

⁴¹ GCC member States also agreed that the domestic industries eligible to submit complaints are the GCC producers of "like products" as a whole, or those whose collective output represents more than 50% of the GCC production of those products, i.e. trade remedy investigations examine the GCC market as one market, and all GCC producers of the "like products" within the GCC are treated as a single domestic industry.

report by the GCC-TSAIP, the Permanent Committee may decide whether to initiate an investigation and, based on a preliminary determination report by the GCC-TSAIP, whether to impose provisional measures. Based on the final findings of the investigation, the Permanent Committee may propose the imposition of definitive measures to the Ministerial Committee.

3.63. On 3 January 2019, Ministerial Decree No. 211 established the GAFT. The Trade Remedies Deputyship (TRD), under the GAFT, is responsible for all issues related to trade remedies. The Deputy Governor of the TRD is a member of the Permanent Committee and participates in its decisions. The Minister of Industry and Mineral Resources represents Saudi Arabia in the Ministerial Committee for final decision-making of trade remedy matters.

3.64. During the review period, the GCC-TSAIP conducted several anti-dumping and safeguards proceedings but no countervailing proceedings. Several applications were submitted, and nine were accepted to initiate investigations; one self-initiation investigation was also initiated. One safeguards investigation was terminated. One anti-dumping investigation was dismissed, and an applicant withdrew his application in one anti-dumping investigation.

3.65. Saudi Arabia's definitive anti-dumping measures in force are described in Table 3.5, while its safeguard measures in force refer to imports of flat-rolled products of iron or non-alloy steel⁴², and chemical plasticizers.⁴³

Table 3.5 Definitive anti-dumping measures in force, 2020

Country	Product/Investigation ID number	Measure	Date of original imposition/Publication
China	Ceramic flags and paving, hearth, floor or wall tiles; whether or not on a backing; finishing ceramics (ceramic tiles) HS: 6907 other than those of subheading 69073000 ID: AD-4-9/CH	Duties	30 April 2020 <i>Official Gazette, Vol. 27</i>
India	Ceramic flags and paving, hearth, floor or wall tiles; whether or not on a backing; finishing ceramics (ceramic tiles) HS: 6907 other than those of subheading 69073000 ID: AD-4-9/CH	Duties	30 April 2020 <i>Official Gazette, Vol. 27</i>
Korea, Republic of	Electric lead-acid accumulators of capacity of 35 up to 115 Amp-hour ID: AD-15-5	Duties	25 June 2017 <i>Official Gazette, Vol. 10</i>
Poland	Uncoated paper and paperboard (Kraft Liner of Fluting or test Liner), in rolls or sheets (Containerboard) ID: AD-3-8/POL	Duties	1 May 2019 <i>Official Gazette, Vol. 20</i>
Spain	Uncoated paper and paperboard (Kraft Liner of Fluting or test Liner), in rolls or sheets (Containerboard) ID: AD-3-8/ESP	Duties	1 May 2019 <i>Official Gazette, Vol. 20</i>

Source: Information provided by the authorities.

3.2 Measures Directly Affecting Exports

3.2.1 Export procedures and requirements

3.66. Registration and documentation requirements for exports, in general, are similar to those for imports (Section 3.1.1). Exporters must register with the Ministry of Commerce and food exporters

⁴² WTO documents G/SG/N/10/SAU/1 and G/SG/N/11/SAU/2, 15 June 2017; G/SG/N/10/SAU/1/Suppl.1 and G/SG/N/11/SAU/2/Suppl.1, 21 July 2017; and G/SG/N/10/SAU/1/Suppl.2 and G/SG/N/11/SAU/2/Suppl.2, 14 June 2019.

⁴³ WTO documents G/SG/N/10/SAU/2 and G/SG/N/11/SAU/3, 5 April 2019; and G/SG/N/10/SAU/2/Suppl.1 and G/SG/N/11/SAU/3/Suppl.1, 14 June 2019.

must register with the SFDA. Pre-departure declarations for exports must be submitted to the SCA. According to the authorities, all exports are subject to inspection or X-ray scanning.

3.67. Exporters must obtain certificates of origin from the Ministry of Commerce for all exports. In addition, some products under export control are subject to export licensing (Section 3.2.3). For food exports, certificates issued by the SFDA are required.

3.68. According to the latest World Bank's Doing Business report, the time and cost (excluding tariffs) for exports are lower than the average in the MENA region (Table 3.1).

3.2.2 Export taxes and duties

3.69. The 2001 Economic Agreement between the GCC member States and its Implementation Procedures contain no provisions regarding the use of export duties and charges or other export restrictions in the GCC's external trade.⁴⁴

3.70. According to the authorities, there are no export taxes.

3.71. Saudi exports are zero-rated under the VAT Law and its Implementing Regulations⁴⁵, while exporting goods that are subject to the excise tax directly from a licensed tax warehouse are not taxable (tax is suspended) as per the 2001 Economic Agreement between the GCC member States and the Excise Tax Implementing Regulations.⁴⁶

3.2.3 Export control

3.2.3.1 Export prohibitions

3.72. According to the SCA, Saudi Arabia does not maintain any export prohibitions/restrictions that target specific trading partners.

3.73. Saudi Arabia maintains export bans on eight categories of products (Table 3.6).

Table 3.6 Export prohibitions, 2020

Product
Desert breed, pure-bred horses only ^a
Baby milk of all kinds
Animal feed, such as barley and Sudanese sorghum, alfalfa and hay such sorghum hay, Rhodes grass, Sudanese grass
Corn, olives, pumpkin, grapes, watermelon, sweet melon, potatoes, dry onions, tomatoes (produced locally and their processed products)
Poultry feed, such as yellow corn and soya beans
Natural sand and sand containing minerals
Gas cylinders with the specifications of the National Gas & Industrial Company (GASCO)
Zamzam water

a Live animals and other kind of horses, male and female, are allowed.

Source: Information provided by the authorities.

3.74. In response to the COVID-19 pandemic, Saudi Arabia took some temporary measures to prohibit exports of some products. These measures ensure the supply of goods necessary for preventing a critical shortage of essential products and for preserving human health. The products subject to the temporary export prohibition include personal protective equipment for safeguarding against the spread of disease, medical equipment, and pharmaceutical products.⁴⁷

⁴⁴ WTO documents WT/COMTD/RTA/9/1 and WT/REG276/1, 21 March 2018.

⁴⁵ Enterprises that export goods and services are entitled to get a refund for the VAT charged on their purchases as an input tax, provided they file their tax returns as required.

⁴⁶ Exporting goods that were released for consumption entitle the person exporting them to get a refund of the excise tax paid upon releasing them for consumption.

⁴⁷ These products are listed in WTO document G/MA/QR/N/SAU/1, 18 June 2020.

3.2.3.2 Export licensing

3.75. As was the case in its last Review, Saudi Arabia has 10 categories of goods subject to export licensing requirements (Table 3.7). Exports of antiques are no longer prohibited but subject to approval (licensing) from the Ministry of Tourism. Exports of any wildlife species (animals or plants) and their products must be accompanied by a CITES permit from the National Center for Wildlife Development. Exports of crude oil and its derivatives are subject to automatic licensing requirements.

Table 3.7 Products requiring export licences, 2020

HS code	Description	Licensing authority
01 01 10 10	Horses, pure-bred	Equestrian Club
01 01 10 20	Horses, pure-bred	Equestrian Club
01 01 90 10	Horses, pure-bred	Equestrian Club
01 01 90 20	Horses, pure-bred	Equestrian Club
10 01	Wheat	Saudi Grains Organization
10 03 00 00	Barley	Saudi Grains Organization
10 05 90 10	Golden corn	Ministry of Finance
10 05 90 20	White corn	Ministry of Finance
11 01 00 10	Wheat flour	Saudi Grains Organization
12 01	Soya beans	Ministry of Finance
19 01 10 10	Milk-based infant food	Ministry of Finance
19 01 10 20	Milk-based infant food	Ministry of Finance
25 05	Sand	Ministry of Industry and Mineral Resources
25 06 21 10	Sand mixed aggregates	Ministry of Industry and Mineral Resources
25 06 21 20	Sand mixed aggregates	Ministry of Industry and Mineral Resources
25 15 11 00	Marble	Ministry of Industry and Mineral Resources
25 17	Stone mixtures	Ministry of Industry and Mineral Resources
25 22	Limestone	Ministry of Industry and Mineral Resources
27 09	Crude oil	Ministry of Energy
27 10, except naphtha	Fuels	Ministry of Energy
27 11	Gases, including liquefied gases	Ministry of Energy
27 14	Asphalt	Ministry of Energy
28 44	Radioactive materials	Ministry of Interior
28 45	Radioactive materials	Ministry of Interior
90 22 19 10	Radioactive materials	Ministry of Interior
90 22 19 90	Radioactive materials	Ministry of Interior
29 03 19 10	Ozone-depleting materials	National Center for Environmental Compliance
29 03 45		
29 03 49		
30 03	Medicines	Saudi Food and Drug Authority
30 04	Medicines	Saudi Food and Drug Authority
73 11 00 30	Filled gas cylinders	Ministry of Energy
84 07 90 00	Agricultural machinery	Agricultural Development Fund
84 08 80 00		
84 11		
84 12 80 00		
84 13 50 00		
84 13 60 00		
84 13 70 00		
84 13 81 00		
84 32		
84 33		
87 01 10 00		
87 01 30 00		
87 01 90 00		
85 48 10 00	Scraps of batteries, etc.	National Center for Environmental Compliance
Different headings	Wild fauna and flora, and products thereof	National Center for Wildlife Development

Source: Information provided by the authorities.

3.76. Exporters must obtain licences from the relevant authorities before submitting export declarations. Procedures for export licence applications are similar to those for import licences. There are no licence fees.

3.2.4 Export finance, insurance, guarantees, and assistance

3.77. The 2001 Economic Agreement between the GCC member States has no provisions on export subsidies.⁴⁸

3.78. Under Vision 2030, Saudi Arabia aims to increase non-oil exports and, to help in this endeavour, the Saudi Export-Import (EXIM) Bank was created by the Council of Ministers in 2019 and became operational in 2020, with SAR 30 billion in capital to boost exports and support industrial and mining projects. Subsequently, in February 2020, the Council of Ministers approved the regulations of the EXIM Bank. The EXIM Bank aims to: (i) promote the development of Saudi exports along with their diversity and competitiveness; (ii) provide export financing, guarantees, and export credit insurance services on a commercial basis; (iii) enhance confidence in Saudi exports, support their penetration of new markets, and reduce non-payment risk; and (iv) provide export credit facilities. With the launch of the EXIM Bank, two financing products were offered (pre-export financing and buyers' credit)⁴⁹; its executive committee approved seven loans worth SAR 310 million, in addition to rescheduling three loans valued at nearly SAR 216 million.⁵⁰

3.79. The Saudi Export Program (SEP) is the official national export credit agency, with the objective of diversifying non-oil exports through the provision of financing to Saudi exporters or importers in other countries of non-oil goods from Saudi Arabia.⁵¹ The SEP facilitates trade transactions through local and foreign banks, and develops its own assessment and classification of the political and commercial risk of relevant markets. The financing offered by the SEP includes finance (i.e. loans) and credit insurance services. According to the authorities, these financial products are made on commercial market-based terms. To be eligible for financing facilities/credit insurance services, the application must show local value added of at least 25%. The SEP may provide financing facilities for up to 100% of the transaction value, if the transaction value is SAR 100,000 or more. The maximum periods for financing facilities repayment are two years for consumable goods and raw materials, seven years for consumable durables and semi-capital goods, and 15 years for capital and durable goods or other long-term projects.

3.80. Regarding credit insurance services, the SEP offers to cover up to 90% of non-payment risks, including commercial and political risks. In 2019, the SEP approved SAR 5.5 billion in its operations, including SAR 1.8 billion as financing facilities, and SAR 3.6 billion as credit insurance services (Table 3.8).

Table 3.8 Export finance and guarantees, 2017-19

(SAR million)

Goods and products	2017		2018		2019	
	Finance	Insurance	Finance	Insurance	Finance	Insurance
Processing industries – manufacturing	1,275	763	14,608	1,703	1,605	2,160
Construction	0	0	0	0	225	0
Financial activities	56	453	0	453	11	563
Agricultural	0	0	0	8	0	0
Mining	0	383	0	618	0	917
Other	0	0	0	0	0	0
Total	1,331	1,598	14,608	2,782	1,841	3,640

Source: Information provided by the authorities.

3.81. In addition to the SEP, the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) provides export credit insurance services to member States; it also provides member States with investment insurance and guarantees against country risks.⁵²

3.82. The Saudi Export Development Authority (Saudi Exports) is an independent national authority that provides assistance for the diversification of exports through three strategic themes: enhancing

⁴⁸ WTO documents WT/COMTD/RTA/9/1 and WT/REG276/1, 21 March 2018.

⁴⁹ Saudi Export Development Authority, *The Saudi EXIM Bank*. Viewed at: <https://www.saudiexports.sa/en/eservices/exporter/Pages/Export-Financing.aspx>.

⁵⁰ *Official Gazette*, 14 July 2020.

⁵¹ Saudi Fund for Development, *Saudi Export Program*. Viewed at: <http://www.sep.gov.sa>.

⁵² ICIEC. Viewed at: <http://www.iciec.com>.

SMEs' export readiness; generating opportunities for export-ready businesses; and advocating ecosystem efficiency and international market access. Saudi Exports provides administrative, technical, and consultative assistance for marketing exports and attracting foreign investors; it also cooperates with trade representatives abroad and chambers of industry and commerce to identify best exporting practices, create new opportunities for exporters, and improve the export environment.

3.2.5 Special economic zones

3.83. A key element under Vision 2030 and the National Industrial Development and Logistics Program (NIDL) is the creation of special economic zones (SEZs). SEZs form part of a larger effort by Saudi Arabia to attract foreign investment and diversify the economy away from oil and gas. Prospective SEZs in Saudi Arabia provide incentives in competitive locations for "promising" sectors, notably ICT, tourism, and financial services. SEZs also offer support for multinationals in a wide range of activities including warehousing and fulfilment, inventory management, maintenance and repairs, staging, testing, and assembly.⁵³

3.84. On 19 October 2018, Royal Order No. A/17, approving the regulations for the Integrated Logistics Bonded Zone (ILBZ), was published in the *Official Gazette*. It provides a list of activities covered under the scope of the special rules and regulations: repair maintenance and processing of goods; sorting, repackaging, and similar actions, including simple manufacturing processes; import, export, and re-export logistics and after-sales services; and certain recycling activities.⁵⁴

3.85. Under Royal Order No. A/17, specific tax rules are applied to the activities carried out in the SEZ⁵⁵:

- Customs duties and VAT are suspended on goods that enter in the zone and are not imported into the mainland, including goods in transit and temporary transfer of goods into the ILBZ.
- No VAT is due on the transfer of goods between the mainland and the SEZ for repair and maintenance.
- Non-residents will not have permanent establishment in Saudi Arabia if they transact with other non-residents in relation to goods in the ILBZ.

3.86. Other incentives offered to entities prior to setting up an SEZ include: no financial restrictions on borrowing and repatriation of funds; simplified procedures to obtain residence permits and work visas for the workforce deployed within the SEZ; and no restrictions on private ownership of assets including intellectual property rights.

3.87. Each SEZ is to be regulated autonomously by an SEZ Authority⁵⁶, with the following functions: developing zone-level regulations; implementing a full licensing shop (one-stop shop); and coordinating developers. A single SEZ Authority could regulate several SEZs. The National SEZ Supervisory Board (NSEZ SB) will drive the approval process, support national policymaking, provide back-office services, and act as the central coordinator for the development of SEZs in the country.⁵⁷

3.88. On October 2018, Saudi Arabia established its first SEZ, an ILBZ at Riyadh's King Khalid International airport. It will be operated by the General Authority for Civil Aviation and regulated by

⁵³ SEZs are intended to capitalize on Saudi Arabia's location, which is fewer than seven hours' flying time from major cities across Europe, Asia, and the MENA region. Viewed at: <https://vision2030.gov.sa/en/programs/NIDL>.

⁵⁴ Oxford Business Group, *New Special Economic Zones in Saudi Arabia Offer a Range of Logistics Benefits*. Viewed at: <https://oxfordbusinessgroup.com/analysis/attractive-proposition-new-special-economic-zones-sezs-offer-range-fiscal-and-logistics-benefits>.

⁵⁵ Oxford Business Group, *New Special Economic Zones in Saudi Arabia Offer a Range of Logistics Benefits*. Viewed at: <https://oxfordbusinessgroup.com/analysis/attractive-proposition-new-special-economic-zones-sezs-offer-range-fiscal-and-logistics-benefits>.

⁵⁶ Each SEZ Authority will be headed by its own Board of Directors in charge of overseeing the development of the SEZ by conducting performance reviews and supervising company licensing.

⁵⁷ The NSEZ SB could leverage the existing board of the ECA, as it is chaired by the Chairman of the Council of Economic and Development Affairs (CEDA) and composed of other key members of the Government.

the Ministry of Investment. This SEZ will offer a wide range of support services, including warehousing and fulfilment, inventory management, maintenance and repair, and testing and assembly.⁵⁸

3.89. Currently, the Economic Cities Authority (ECA) and the SEZ Authority are in the process of approving three SEZs:

- Jazan City, dedicated for Primary and Downstream Industries in the Southern Area, is operated by the Royal Commission for Jubail and Yanbu. It provides a wide range of support to manufacturing food industries, manufacturing metal industries (iron, titanium, etc.), and supporting logistics.
- Ras Al-Khair Industrial City, located in the Eastern Province and operated by the Royal Commission for Jubail and Yanbu. It will create a global complex for marine industries and services, including manufacturing and ship servicing and marine oil platforms.
- King Abdullah Economic City at Rabigh Governorate. It will provide a centre for logistics, light industries, pharmaceutical industries (medicines and bio-products), and medical appliances. It will be the first SEZ operated by the private sector (Emaar, a real-estate development company).⁵⁹

3.90. The National Strategy for Special Economic Zones was set up to identify the requirements to ensure their competitiveness and provide the governance mechanism and legislative framework.⁶⁰ Trial projects for SEZs are being launched: Manufacturing Free Trade Zones (MFTZs) will aim to become global hubs for export, manufacturing, and trade, by supporting export-oriented manufacturing activities (e.g. food processing, specialty chemicals)⁶¹; and Service Free Trade Zones (SFTZs) will aim to become the go-to destinations for professional services (e.g. engineering consultancies, ICT) and highly skilled individuals.⁶²

3.91. As part of Vision 2030, NEOM, a futuristic city project with significant logistics and high-end tourism components, is being developed in Saudi Arabia's sparsely populated northwest.⁶³ It is considered the world's largest international SEZ in terms of size and scale of investment (about USD 500 billion). NEOM will be built over an area almost the size of Belgium and will have cross-border dimensions, with links to neighbouring Jordan and Egypt. The Public Investment Fund (PIF) is providing finance for the first stages of the project (Section 3.3.5).

3.3 Measures Affecting Production and Trade

3.3.1 Incentives

3.92. The Saudi Industrial Development Fund (SIDF), established in 1974, is the main financial enabler of the NIDLP.⁶⁴ The SIDF used to finance only local manufacturing businesses. However, since 2019, the SIDF has started to finance new sectors listed under the NIDLP (e.g. industry, mining, energy, and logistics services), in line with the diversification plans under Vision 2030 to become a leading industrial powerhouse and a global logistics hub. In FY2019, the SIDF's capital increased from SAR 65 billion to SAR 105 billion. In mid-2019, the Council of Ministers approved the amendment to the SIDF bylaws, enabling it to expand its financing activity through a new package

⁵⁸ Oxford Business Group, *New Special Economic Zones in Saudi Arabia Offer a Range of Logistics Benefits*. Viewed at: <https://oxfordbusinessgroup.com/analysis/attractive-proposition-new-special-economic-zones-sezs-offer-range-fiscal-and-logistics-benefits>.

⁵⁹ Oxford Business Group, *New Special Economic Zones in Saudi Arabia Offer a Range of Logistics Benefits*. Viewed at: <https://oxfordbusinessgroup.com/analysis/attractive-proposition-new-special-economic-zones-sezs-offer-range-fiscal-and-logistics-benefits>.

⁶⁰ Kingdom of Saudi Arabia, *Vision 2030, National Industrial Development and Logistics Program*. Viewed at: <https://vision2030.gov.sa/en/programs/NIDLP>.

⁶¹ A suitable location for an MFTZ is a duty-free area in direct proximity to an airport or a seaport where efficient and cost-competitive logistics solutions can be provided.

⁶² A suitable location for an SFTZ is a business park in direct proximity to a large pool of talent and to local demand, while offering a high quality of life (education, healthcare, entertainment, etc.).

⁶³ NEOM combines the prefix *neo* with the Arabic word for future, *mustaqbal*.

⁶⁴ SIDF 2019 Annual report. Viewed at: <https://www.sidf.gov.sa/en/AboutSIDF/Pages/AnnualReport.aspx>.

of products and services. These new products encompass, *inter alia*, a working-capital financing program that grants short-term facilities to investors with tenures that do not exceed 12 months.⁶⁵

3.93. The SIDF extends loans to eligible Saudi and foreign companies/firms that are registered in the commercial registries. An SIDF loan provides a maximum term of 15 years, covering up to 50% of the fixed assets, pre-operating expenses, and start-up working capital; for projects in less developed or remote cities, the term may be extended to 20 years, and the loan may be increased up to 75%. According to the authorities, the fees paid to the SIDF on loans are similar to or, in some cases, higher than the interest charged by comparable commercial banks. Furthermore, the SIDF is required by law to recover the principal and to charge loan fees to cover commercial costs.⁶⁶

3.94. In 2019, the SIDF signed twelve agreements with various private companies and government agencies.⁶⁷

3.95. In 2019, the SIDF also launched Phase 1 of Acquisition Finance Product (AFP), which aims to fund acquisitions for local companies that want to acquire local targets in SIDF-financed sectors with a clear added value to Saudi Arabia. The AFP finances specific cases, which are the acquisition of: (i) a specific technology, a method of manufacture, or intellectual property; (ii) a supplier or clients to achieve integration in cost or revenues; or, (iii) a competitor for integration and development of offers. The SIDF offers pre- and post-acquisition financing, according to the client's needs. The product repayment period is up to seven years.⁶⁸

3.96. In FY2019, the SIDF approved SAR 12.5 billion in new loans, the largest amount in its history, and 33% more than in FY2018. Between 2000 and mid-September 2019, the SIDF dispensed 2,186 loans and credit facilities totalling SAR 132 billion, 81% of which were granted to SMEs. These projects combined created 187,000 direct jobs and contributed SAR 189 billion to the GDP. The SIDF also restructured its internal procedures to reduce the funding application processing time by 60%.⁶⁹

3.97. Under Vision 2030, Saudi Arabia aims to increase the contribution of SMEs in GDP from 20% to 35% and encourage local financial institutions to allocate up to 20% of overall funding to SMEs by 2030.⁷⁰ With this objective in mind, the SME Authority (Monshaat) was established in 2016 to: (i) reform the basic needs of SMEs, and to create an environment that provides prosperity opportunities for all SMEs; (ii) provide support services and business opportunities to enhance the growth of all SMEs and enhance their competitiveness; and (iii) create a society that supports and motivates members to engage in entrepreneurial endeavours and opportunities.⁷¹

3.98. Other financial incentives may be offered by regional programmes, such as the Arab Fund for Economic and Social Development, the Arab Monetary Fund, and the Arab Trade Financing Programme.

3.99. Saudi Arabia notified the WTO that it did not grant or maintain any subsidy programmes as defined in Article 1.1 of the SCM Agreement during 2018-19.⁷²

⁶⁵ Including Afaq, Mutjadeda, Tanafusiya, and Tawteen, in addition to various financial products, such as the Working Capital Loan, the Multipurpose Finance Loan, the Letter of Credit, and the Acquisition Finance Product. Viewed at: <https://www.sidf.gov.sa/en/Pages/Home.aspx>.

⁶⁶ SIDF 2019 Annual report. Viewed at: <https://www.sidf.gov.sa/en/AboutSIDF/Pages/AnnualReport.aspx>.

⁶⁷ SIDF 2019 Annual report. Viewed at: <https://www.sidf.gov.sa/en/AboutSIDF/Pages/AnnualReport.aspx>.

⁶⁸ SIDF 2019 Annual report. Viewed at: <https://www.sidf.gov.sa/en/AboutSIDF/Pages/AnnualReport.aspx>.

⁶⁹ SIDF 2019 Annual report. Viewed at: <https://www.sidf.gov.sa/en/AboutSIDF/Pages/AnnualReport.aspx>.

⁷⁰ Kingdom of Saudi Arabia, *Vision 2030*. Viewed at: <https://www.vision2030.gov.sa>.

⁷¹ Monshaat also organizes conferences, seminars, meetings, and local and international exhibitions and participates in them to ensure that its recommendations are implemented. It also prepares studies, research, statistical surveys, and reports; proposes regulations and policies for the development and support of SMEs; and follows up on their implementation after adoption. Monshaat, *About Monshaat*. Viewed at: <https://www.monshaat.gov.sa/en/about>.

⁷² WTO document G/SCM/N/343/SAU, 15 October 2020.

3.3.2 Standards and technical requirements

3.100. Although the 2001 Economic Agreement between the GCC member States contains no specific provision on technical barriers to trade, Article 5.4 provides that GCC member States will adopt unified standards and specifications for all products according to the Charter of the GCC Standardization Organization. Article X of the Implementation Procedures provides that GCC member States shall mutually recognize national specifications and standards until the GCC has created unified standards for all national and imported commodities.⁷³

3.101. Saudi Arabia's relevant legislation, notably the Technical Regulation, can be found on the SASO's website, the national notification authority and enquiry point for TBT matters.⁷⁴ The SASO, under the Ministry of Commerce, is the main agency responsible for developing national standards, quality control and assurance, conformity assessment, and certification. In 2019, the Saudi Accreditation Center (SAC) was created as the national accreditation body. It is an independent public entity, under the supervision of Ministry of Commerce.⁷⁵

3.102. The SAC's main functions are to: (i) ensure the technical competency of Saudi conformity assessment bodies (CABs); (ii) ensure consumer protection and maintain public health and safety; (iii) build confidence in the services of CABs; (iv) enhance participation of the private sector in providing CABs; (v) raise the level of quality and conformity of product and services by increasing confidence in tests and inspection and calibration certificates; and (vi) give confidence in certificates issued by peer accreditation bodies, through International Laboratory Accreditation Cooperation Mutual-Recognition Agreements (ILAC-MRAs).

3.103. The SAC also accredits CABs, such as testing laboratories and product certification bodies, to internationally recognized standards. Over 100 CABs, mainly for testing, calibration, and inspection, have been accredited by the SAC since 2019. The SAC offers the following accreditation and recognition programs: management systems certification bodies; product, process, and service certification bodies; inspection bodies; bodies performing the certification of persons, testing, and calibration laboratories; and proficiency testing providers. According to the authorities, Saudi Arabia's accreditation process conforms with international standards and requirements. The SAC is member of several international organizations such as the ILAC and the Arab Accreditation Cooperation and has already started the process of peer-evaluation in order to sign an ILAC-MRA.⁷⁶

3.104. The SASO adopted ISO/IEC 17065 as a model for assessing the conformity of products and services. The SASO made Saber, an electronic platform, available to all economic operators importing products to Saudi Arabia.⁷⁷ In addition, users can write to an email address with questions regarding Saber. The Saber platform will be connected to the customs platform in order to facilitate the recording of customs operations.

3.105. The SASO has issued more than 30,000 standards to date, the majority of which were adopted from international standards. The SASO notified 211 technical regulations and conformity assessment procedures to the WTO between 1 January 2016 and 31 December 2019 (640 in 2012-15). In the first nine months of 2020, Saudi Arabia submitted 27 notifications. The notifications cover, *inter alia*, animal and food products, tyres, electric and electronic equipment, and plastic products. The notifications normally specify a comment period of at least 60 days and a proposed date of adoption. The authorities also submitted a number of addenda, providing additional information on the adoption, entry into force, extension of the comment period, and contents of the final text of previously notified TBT measures.

3.106. The SASO, in coordination with the SCA, adopted and validated a procedure for the random verification of the conformity of documents and products based on TBT/WTO directives and risk assessment. Regarding random product controls at Saudi Customs, and if there is an obligation to

⁷³ WTO documents WT/COMTD/RTA/9/1 and WT/REG276/1, 21 March 2018.

⁷⁴ SASO, *Laws and Executive Regulations*. Viewed at: <https://www.saso.gov.sa/en/Laws-And-Regulations/exeRules/Pages/default.aspx>.

⁷⁵ The Saudi Board of Ministers issued a decree creating the SAC to have not only the legal statute but also a financial and administrative independency. The Minister of Commerce chairs the Board of Directors, which includes representatives of stakeholders and interested parties.

⁷⁶ Saudi Accreditation Center. Viewed at: <https://www.saac.gov.sa>.

⁷⁷ Saber, *Saber Electronic Platform*. Viewed at: <https://saber.sa>.

carry out product tests, the SASO in coordination with the SCA adopted a simplified procedure to facilitate product transits. The SASO provides laboratories, Saudi Customs, and the Ministry of Commerce with an electronic platform dedicated to the verification of product analysis reports and decision-making concerning products' compliance with the SASO and Saudi Customs.

3.107. Any interested party (i.e. the public sector, the private sector, academia, and members of the public) may submit proposals for national standards to the SASO. All draft standards, technical regulations, and conformity assessments are available on the SASO website for public comment for at least 60 days. After the SASO Board of Directors approves a proposed standard, there is usually a period of six months between final publication and entry into force. Technical committees make recommendations to the SASO Board of Directors on whether a standard should be voluntary or mandatory. According to the authorities, the criteria for adopting a standard as mandatory are based on the fulfilment of legitimate objectives, such as protection of health, safety, national security, Islamic law, and the environment.

3.108. Currently, there are 32 technical regulations in force, of which two Gulf Technical Regulations were adopted during 2016-20.⁷⁸ Table A3.2 lists the products affected by standards and technical regulations during 2016-20.

3.109. Since Saudi Arabia's last Review, some WTO Members in the TBT Committee expressed concerns about technical regulations on animal products, motor vehicles, vehicle tyres, toys, energy drinks, the sugar limit on food products, electrical and electronic equipment, and plastic products.⁷⁹

3.110. Technical regulations require the SASO to consider relevant international standards as a basis for preparing national standards and technical regulations unless the international standards are ineffective (due to a climate or geographical factor, for instance) or inappropriate to achieve the intended, legitimate objectives (e.g. inconsistency with Islamic law). Technical regulations adopted by the SASO require the application of standards in all matters concerning technical requirements, national standards (which are mainly transposed from international standards), or regional Gulf Standards Organization (GSO) standards (which are mainly transposed from international standards). As at end-June 2020, there were 2,223 national standards in force. According to the authorities, 75% of Saudi standards were aligned with international standards, and 10% were developed/modified to suit specific situations in Saudi Arabia.

3.111. The GSO is mandated to establish and harmonize standards and technical regulations within the GCC member States. GCC-wide standards may be proposed/initiated by a representing body in a member State and are prepared by the technical committees of the GSO. In general, GSO standards are based on international standards. Once a GSO standard is approved, each GCC member State may transpose it into a national standard through domestic legal procedures. According to the authorities, Saudi Arabia develops standards and technical regulations at the national level only when there is a pressing need.

3.112. According to the authorities, at end-2019, 89% of Saudi standards in force had been adopted from GCC standards.

3.113. Regarding medical devices/products, the Medical Device Interim Regulation is applied to manufacturers, authorized representatives of overseas manufacturers, importers, and distributors. It covers all medical devices and their accessories, contact lenses, and laser surgical equipment for cosmetic rather than medical purposes and its accessories. Distributors, importers, and authorized representatives of medical devices must obtain a licence issued by the SFDA; medical devices must obtain SFDA authorization before entering the market.

3.114. Products subject to technical regulations must comply with the relevant regulations before they are placed on the market. The SASO may grant a certificate of conformity, or, for products that

⁷⁸ For more information, see SASO, *Laws and Executive Regulations*. Viewed at: <http://www.saso.gov.sa/en/laws-and-regulations/exerules/pages/default.aspx>.

⁷⁹ WTO documents G/TBT/M/67, 3 February 2016; G/TBT/M/68, 12 May 2016; G/TBT/M/69, 22 September 2016; G/TBT/M/70, 17 February 2017; G/TBT/M/71, 2 June 2017; G/TBT/M/72, 25 September 2017; G/TBT/M/73, 6 March 2018; G/TBT/M/74, 22 May 2018; G/TBT/M/75, 14 September 2018; G/TBT/M/76, 7 February 2019; G/TBT/M/77, 15 May 2019; G/TBT/M/78, 23 September 2019; G/TBT/M/79, 30 January 2020; and G/TBT/M/80, 24 April 2020.

comply with standards and technical requirements, a licence to use the quality mark. The quality mark scheme is voluntary, and available for goods either domestically produced or imported.

3.115. In order to export to Saudi Arabia, all consignments of imported goods and commodities must be accompanied by a certificate of conformity, to facilitate the clearance of consignments through customs. Saudi Arabia recognizes the certification bodies accredited by the International Accreditation Forum, and accepts the certificates issued by these certification bodies, as long as these bodies are notified to the SASO.

3.116. Labels must be in Arabic in addition to any other language. A small number of products with English-only labels may be approved, on a case-by-case basis, for marketing test purposes. As an Islamic country, Saudi Arabia has strict marking and labelling requirements for meat and poultry products, including that the product was slaughtered in accordance with Islamic halal procedures. The most important specifications related to the labelling of food are: SFDA.FD/GSO 9, "Labelling of Pre-packaged Foods"; SFDA.FD 2333, "Food Requirements with Health and Nutrition Claims"; and SFDA.FD 2233, "Nutritional Data Requirements on the Card". Labelling information on pharmaceutical, cosmetic, and personal care products are required to appear on the outer pack for each product marketed in Saudi Arabia.⁸⁰

3.3.3 Sanitary and phytosanitary measures

3.117. The 2001 Economic Agreement between the GCC member States contains no specific provisions on SPS measures. However, Article 1(iv) of the Agreement and Article II.2(e) of the Implementation Procedures reiterate the principle that the free movement of goods within the GCC member States is subject to the right of GCC members to maintain veterinary and agricultural quarantine regulations. Article II.2 of the Implementation Procedures provides that within the GCC territory, all customs duties, taxes, and other restrictions on trade in goods are to be abolished, and that goods of other member States shall enjoy free movement, while taking into consideration the implementation of regulations concerning veterinary and agricultural quarantine regulations and prohibited and restricted goods.⁸¹

3.118. The SFDA is the national notification authority and enquiry point for SPS matters in the WTO.⁸² The SFDA is the competent authority for food and feedstuffs (including animal products for human consumption, e.g. meat and poultry meat), medicine, and medical devices, and the Ministry of Environment, Water and Agriculture for live animals, plants, and plant products.

3.119. Between 1 January 2016 and 31 December 2019, Saudi Arabia made 224 notifications to the WTO (167 in 2012-15). In the first nine months of 2020, it submitted 20 notifications. In addition, the authorities submitted several addenda during the review period, providing additional information on previously notified SPS measures. Since the last Review, concerns relating to Saudi Arabia's ban on the importation of shrimp⁸³, fish, crustaceans, and other aquatic animal products have been discussed in the SPS Committee.⁸⁴ Table 3.9 shows products and countries affected by SPS measures during 2016-20.

Table 3.9 SPS measures: products and countries affected, 2016-20

HS No.	Description of products	Nature of SPS measure	Affected WTO Members and non-WTO members
01	Live animals (equine)	Temporary ban of importation	Kuwait
01	Live animals (equine)	Temporary ban of importation	Brazil
01	Live animals (equine)	Temporary ban of importation	Germany
01	Live animals (equine)	Temporary ban of importation	Malaysia
01	Live animals (equine)	Temporary ban of importation	Thailand

⁸⁰ SFDA, *Templates for SPC, PIL and Labelling Information*. Viewed at: <https://sfda.gov.sa/ar/drug/resources/DocLib2/TemplateSPC-PIL-Labeling.pdf>. For labelling of cosmetic and personal care products, refer to: GSO 1943 /2016: Safety Requirements of Cosmetics and Personal Care Products; and GSO 2528 / 2016: Cosmetic Products – Technical Regulation of Cosmetic and Personal Care Products Claim.

⁸¹ WTO documents WT/COMTD/RTA/9/1 and WT/REG276/1, 21 March 2018.

⁸² WTO documents G/SPS/NNA/16 and G/SPS/ENQ/26, 11 March 2011.

⁸³ WTO document G/SPS/R/87, 26 September 2017.

⁸⁴ WTO document G/SPS/R/90, 9 May 2018.

HS No.	Description of products	Nature of SPS measure	Affected WTO Members and non-WTO members
201 202 2060200 20602001 2066200 2062900 15020010 16025010 16025090 16029010 16029021 16029030 16030010	All types of bovine meat and its products	Amendments to the existing conditions for importing conditions regarding to importing beef meat and beef meat products from countries recognized as having a BSE risk	All trading partners
	All food	Importing food products to Saudi Arabia, requirements and conditions	All trading partners
0302 0303 0304 0305 0306 0307 0308	Fish and other aquatic products	Approval framework for control authorities and establishments exporting fish and other aquatic products to Saudi Arabia	All trading partners
	All organic products	Organic Agriculture Law and Organic Agriculture By-Law in Saudi Arabia	All trading partners
	All food	GCC Guide for Control of Imported Foods	All trading partners

Source: Information provided by the authorities.

3.120. Saudi Arabia is a member of the World Organisation for Animal Health (OIE) and the Codex Alimentarius Commission, and a contracting party to the International Plant Protection Convention. Regarding animals, plants, and their products, SPS measures are harmonized at the GCC level under the Veterinary Quarantine Law and the Plant Quarantine Law, and the corresponding Executive Regulations provide details of their implementation in Saudi Arabia. Saudi Arabia maintains bilateral arrangements on SPS matters with Argentina, Belgium, Brazil, Canada, Denmark, Djibouti, Ethiopia, France, Hungary, India, Ireland, Italy, Japan, Kenya, the Netherlands, New Zealand, Pakistan, Portugal, the Russian Federation, Spain, Sudan, Turkey, Ukraine, the United Arab Emirates, the United Kingdom, the United States, and Uruguay.

3.121. All food, including imported food, must comply with the general requirement outlined in the Food Law⁸⁵ and specific standard requirements depending on the product.⁸⁶

3.122. All imports of live animals and biological preparations from anywhere outside the GCC territory require import permits from the Ministry of Environment, Water and Agriculture.

3.123. All imports of live animals from non-GCC member States must be quarantined at the point of entry for a period of 21 to 30 days, depending on the diseases and exporting countries in question. Imported animals for slaughter or breeding may be transported to their final destinations if all documentation conditions are met and there is no suspicion of an epizootic or contagious disease. Imported sperm for industrial insemination and foetuses, and hen eggs for hatching, are also allowed, subject to sampling and testing.

3.124. In addition to obtaining a commercial registration (Section 3.1.1), food importers must register with the SFDA and specify the food items that they import. All imports of food and animal products for human consumption are subject to import permits issued by the SFDA. For imports of

⁸⁵ SFDA. Viewed at: <http://www.sfda.gov.sa/ar/Documents/ssfda.pdf>.

⁸⁶ SFDA, *General Standards for Food*. Viewed at: http://www.sfda.gov.sa/en/food/about/administration/mangement_food/Pages/EDOIFC-GeneralSpecificationForFood.aspx.

meat and poultry meat, a Halal Certificate and an Islamic slaughter certificate are required for each consignment, in addition to other documentation generally required for customs clearance.

3.125. Imports of meat and poultry meat must be sourced only from the establishments on the list maintained by the SFDA. This list can be consulted by sector or by country. Establishments that wish to supply meat and poultry meat to Saudi Arabia must apply for approval from the SFDA; the approval process involves an evaluation including an on-site audit by the SFDA. If the evaluation outcome is satisfactory, the SFDA grants an approval certificate to the establishment in question. Since 9 March 2014, the SFDA has delegated to the competent authority of the exporting country to approve establishments on the list, provided that the competent authority of the exporting country signs bilateral minutes with the SFDA and assures compliance with the GSO standards.

3.126. Regarding the maximum residue levels (MRLs) of pesticides, Saudi Arabia adopted the GCC standards of MRLs. If an MRL does not exist, a reference must be made to the *Codex Alimentarius* standard; if an MRL is not indicated in the Saudi/GCC/Codex standards, a reference may be made to the EU or the US standard, whichever is lower.

3.127. All imports of food are subject to risk-based inspection at the border inspection posts. The inspection involves documentary, identity, and physical checks. If imported goods need to be sampled, the imported food may be referred to an authorized laboratory for additional tests; under this scenario, the import will be held indefinitely until the final decision is taken. The authorities indicate that, in the case of compliance, imported food is usually cleared by Saudi Customs within two hours.

3.128. The GCC Rapid Alert System for Food (GRASF) operates to allow food and feed authorities of GCC member States to exchange information on existing direct or indirect risks to consumers' health.⁸⁷ According to the authorities, the GRASF functions in a similar way to the European Union's Rapid Alert System for Food and Feed.

3.129. Under the GCC Plant Quarantine Law and its Executive Regulations in Saudi Arabia, phytosanitary requirements are applied to plants, plant products, beneficial organisms, and regulated articles. All plants or plant products contaminated with pests listed in the "approved united pest list of the GCC" are prohibited from importation. The list is published on the Ministry of Environment, Water and Agriculture portal⁸⁸, and the Ministry has the authority to amend the list. In addition, all types of palm trees and their derivatives (except dates), plants, and products of anaesthetic or poisonous types⁸⁹ are prohibited from importation. Furthermore, natural soil and natural organic fertilizers may not be imported.⁹⁰

3.130. Importers of plants and plant products are required to apply for import permits issued by the Ministry of Environment, Water and Agriculture.⁹¹ In order to apply for an import permit, importers must provide a phytosanitary certificate, as well as a country of origin certificate issued by the exporting country. Usually, it can take up to three working days to process the request and issue an import permit. The authorities indicate that no applications for import permits were rejected if all requirements were met.

3.131. All imports of plants and their products must be inspected at the point of entry into Saudi Arabia.⁹² There are no inspection fees or other treatment fees imposed on imports of plants and plant products, although the Executive Regulations of the GCC Plant Quarantine Law provide for the possibility of such fees. Samples may be taken from suspected consignments and delivered to a laboratory for further testing. In practice, it takes two to seven days to complete a lab test, the cost of which is borne by the authorities or by the importer, based on the imported plant species.

⁸⁷ GRASF. Viewed at: <http://grasf.sfda.gov.sa/>.

⁸⁸ Ministry of Agriculture online portal. Viewed at: www.mewa.gov.sa.

⁸⁹ For example, khat, marijuana, milkweed, castor bean, oleander, field poppy, and jimson weed were banned from being imported.

⁹⁰ Article 20 of the GCC Plant Quarantine Law and Article 6(2) of the Executive Regulations of the GCC Plant Quarantine Law in the Kingdom of Saudi Arabia.

⁹¹ Article 15 of the GCC Plant Quarantine Law.

⁹² For some perishable products or products packaged in a special condition, inspection and sampling may be carried out at the final destination. See Articles 16 and 17 of the Executive Regulations of the GCC Plant Quarantine Law in the Kingdom of Saudi Arabia.

Depending on the test result, the imports may be subject to quarantine treatments, re-export, or destruction.

3.132. The Department for Organic Agriculture, under the Ministry of Environment, Water and Agriculture, maintains and regularly updates a positive list of inputs and their characteristics (including fertilizers, soil conditioner, plant protection materials, and food additives) that are in compliance with the Organic Agriculture Act.⁹³ Agricultural products (including fresh and processed products and agricultural production inputs for organic farming activities) that comply with the Saudi organic farming law may be marketed as "organic", using a Saudi national logo for organic agricultural products or for organic production inputs. Producers of organic products are subject to compliance checks at least annually; the checks are carried out by private bodies designated by the Department. Organic producers may face removal from the authorization list if severe infringement is found during the check. According to the authorities, imported products may also be marketed as "organic" only when they meet the requirements of the law and are approved by the Department.

3.133. It is permissible to trade in genetically modified (GM) foods of plant origin, only if the requirements laid down in the relevant national standards and regulations are met, which include, but are not limited to, the following:

- the presence of an official attestation, along with the product certifying that the product is produced and consumed in the country of origin;
- no reported adverse effects on human or animal or environment health; and
- a declaration on the label that the product is genetically modified.

3.134. Saudi Arabia prohibits trading with GM foods of animal origin, which are obtained by means of biotechnology.

3.135. Under the Council of Ministers Decree No. 7/5/2911 dated 16/1/1425H (7 March 2004), genetically modified dates, seeds, seedlings, and ornamental plants are banned from importation.

3.3.4 Competition policy and price controls

3.136. On 5 March 2019, Saudi Arabia issued Royal Decree No. M/75 dated 29/6/1440H, approving its new Competition Law, replacing the previous Competition Law enacted by Royal Decree No. M/25 dated 04/05/1425H (22 June 2004). The new Competition Law came into force on 23 September 2019⁹⁴, while its Implementing Regulations, issued by Resolution No. 337 of the Board of Directors of the General Authority for Competition (GAC), entered into force on 24 September 2019.⁹⁵ The Statute of the GAC was issued by Council of Ministers Resolution No. 55 dated 20/01/1439H (11 October 2017).⁹⁶

3.137. The new Competition Law aims to protect and encourage fair competition and to combat and prevent monopolistic practices that affect lawful competition or consumer interest, leading to improved market environment and economic development.⁹⁷ It applies to all firms in Saudi Arabia, regardless of their nationality or headquarters.⁹⁸ Table 3.10 summarizes some of the most important differences between the old and the new competition laws.

⁹³ Royal Decree No. M/55 of 1435H dated 16/9/1435H, 13 July 2014.

⁹⁴ GAC, *Competition Law*. Viewed at: https://www.gac.gov.sa/pdf/New_comp_law_booklet_03_en.pdf.

⁹⁵ GAC, *Implementing Regulations Issued by Resolution No. (337) dated 25/1/1441H of the Board of Directors of the General Authority for Competition Of the Competition Law, promulgated under Royal Decree No. (M/75) dated 29/06/1440H*. Viewed at: https://www.gac.gov.sa/pdf/comp_law_regulations_en.pdf.

⁹⁶ GAC, *Statute*. Viewed at: https://gac.gov.sa/FileUpload/authority_statute_english.pdf.

⁹⁷ Article 2 of the new Competition Law.

⁹⁸ Article 3(1) of the new Competition Law and Article 3 of the Implementing Regulations.

Table 3.10 Main changes between the old and new Competition Laws

Issue	Old Competition Law	New Competition Law
Categories addressed	Factories, establishments, or companies owned by a natural or corporate person and all groupings that undertake commercial, agricultural, industrial, or service activities or sell and buy goods or services.	Every natural or corporate person who engages in an economic activity. Such activity includes commercial, agricultural, industrial, and service activities, as well as the purchase and sale of goods and services.
Exceptions	Public institutions and state-owned corporations are excluded.	Public institutions and state-owned corporations are excluded if the institution or corporation is solely authorized by the Government to provide commodities or services in a particular field.
Exempt practices	None	Determining prices based on a Council of Ministers resolution or under a law.
Exemption powers	The GAC Board may approve a firm's request for exemption from only one type of violation: Article 4: Illegal Agreements	The Board may approve a firm's request for exemption from three types of violations: Article 5: Illegal Agreements Article 6: Abuse of the Dominant Position Article 7: Failure to Report Economic Concentration
Deadline for objecting to Adjudication Committee decisions	Committee decisions may be challenged before the Administrative Court within 15 days from the date the violator is notified of the decision.	Committee decisions may be appealed before the competent court within 30 days from the date the violator is notified of the decision.
Leniency	None	The firm may be exempt from punishment if it pre-emptively submits evidence revealing its partners in that violation.
Settlement	None	Settlement with a violating firm may be accepted in accordance with the controls, conditions, and mechanisms for compensating aggrieved parties set forth in the Implementing Regulations.
Obligatory notification of the economic concentration transaction	When the market share of the parties to the transaction reaches 40%.	When the total revenues of the parties to the transaction exceed SAR 100 million.
Reporting economic concentrations	At least 60 days before the completion of the transaction.	At least 90 days before the completion of the transaction.

Source: Information provided by the authorities.

3.138. The GAC is the regulatory body in charge of implementation and enforcement of the Competition Law and the Implementing Regulations. The GAC has primary jurisdiction over any matters arising from the application of the Competition Law and the Implementing Regulations, even in cases of conflict or overlap with the jurisdiction of other governmental bodies.⁹⁹ The GAC Board is authorized to amend, repeal, or interpret the Implementing Regulations, or issue supplementary guidance and rules.¹⁰⁰ The adjudication of violations of the new Competition Law and the Implementing Regulations is assigned to the Committee for Adjudication of Competition Law Violations.

3.139. The GAC Board may, upon request, exempt an entity from the application of Articles 5 (anti-competitive practices), 6 (abuse of dominant position), and 7 (economic concentration) of the new Competition Law, if such exemption would lead to improved market performance, or improve the performance of entities in terms of: (i) the quality of the product; or (ii) the technological

⁹⁹ Article 3(3) of the Competition Law and Article 5(2) of the Implementing Regulations.

¹⁰⁰ Article 89 of the Implementing Regulations.

development or creative efficiency, or both.¹⁰¹ Such a decision would be reached upon a recommendation by a technical committee formed for this purpose.

Anti-competitive practices

3.140. The new Competition Law prohibits practices (including contracts, whether written or oral, explicit or implicit) if their purpose or effect prejudices competition.¹⁰² Its Implementing Regulations set out an expanded definition of anti-competitive practices – all forms of behaviours and practices contrary to Article 5 of the Competition Law, including agreements, contracts, arrangements, or understandings between entities shall be prohibited, whether written or oral, explicit or implicit, if their purpose or effect undermines competition.¹⁰³

3.141. Article 5 of the Competition Law contains a non-exhaustive list of anti-competitive practices: price fixing; limiting the free flow of goods and services to and from the market; denying access to the market; dividing markets; freezing or limiting manufacturing, development, distribution, marketing, and other investment activities; and bid rigging.

3.142. Article 8(2) of the Implementing Regulations provides that practices among competing or potentially competing entities are deemed anti-competitive if such practices involve, for example, price fixing or dividing markets (e.g. geographically, or based on distribution centres, customer types, and seasons/time periods).

Abuse of dominant position

3.143. The new Competition Law prohibits any entity having a dominant position in the market, or an important part thereof, from exploiting such position to undermine or limit competition.¹⁰⁴ An entity or a group of entities is deemed to have a dominant position if it meets either or both of the following tests¹⁰⁵: having a market share of 40% or more of the relevant market; and/or having an ability to influence the relevant market, such as by controlling prices, production, or demand.

3.144. The new Competition Law also sets out a non-exhaustive list of practices in which entities having a dominant position are prohibited from engaging¹⁰⁶: (i) selling goods or services at a price lower than the total cost in order to remove other entities from the market or expose them to serious losses or impede the entry of potential entities; (ii) determining the prices or conditions for the resale of goods or services or imposition thereof; (iii) reducing or increasing the available quantities of products to control prices and create false abundance or deficit; (iv) discriminating in the treatment of entities with similar contracts in relation to the prices of goods and service fees or the conditions of sale and purchase; (v) refusing to deal with another entity without an objective reason, in order to restrict its entry into the market; (vi) requiring an entity to refrain from dealing with another entity¹⁰⁷; and (vii) making the sale of goods or the provision of services conditional upon bearing of obligations or acceptance of goods or services, which by their nature or by commercial use are not related to the goods or services subject to the original contract or transaction.

Economic concentration (merger control)

3.145. The new Competition Law uses economic concentration to deal with merger control. Economic concentration is defined as "any action that results in a total or partial transfer of ownership of assets, rights, equity, stocks, shares, or liabilities of a firm to another by way of merger, acquisition, takeover, or the merging of two or more managements, or any other form that leads to the control of a firm, including influencing its decisions, the organization of its administrative structure, or its voting system".¹⁰⁸ This definition addresses asset and share purchases, joint ventures, mergers, and takeovers.

¹⁰¹ Article 8 of the new Competition Law.

¹⁰² Article 5 of the new Competition Law.

¹⁰³ Article 8(1) of the Implementing Regulations.

¹⁰⁴ Article 6 of the new Competition Law.

¹⁰⁵ Article 10 of the Implementing Regulations.

¹⁰⁶ Article 6 of the new Competition Law.

¹⁰⁷ This prohibition targets exclusivity and non-compete undertakings granted in favour of dominant entities.

¹⁰⁸ Article 1 of the Implementation Regulations.

3.146. The new Law provides that entities seeking to participate in an economic concentration transaction must inform the GAC at least 90 days before completion, if the total annual sales value of the entities seeking to participate in the economic concentration exceeds the amount determined by the Implementing Regulations.¹⁰⁹ The requirement to report economic concentration transactions to the GAC is based on a turnover condition set out in Article 12 of the Implementing Regulations. Notification must be made to the GAC if the annual sales value of all entities intending to participate in the economic concentration exceeds SAR 100 million (about USD 26.6 million).

3.147. The 90-day review period starts from the date the applicant is notified by the GAC that it received all required documents and information regarding the application and payment of the prescribed fee.¹¹⁰ Such review period may also be extended by the GAC if additional information or documents are requested from the parties, until such information or documents are provided.¹¹¹

3.148. The GAC Board sets the application fee at 0.0002 of the aggregate value of the turnover of all parties participating in the transaction that is the subject of the economic concentration application.¹¹² The application fee is capped at SAR 400,000 (around USD 106,000). Parties may approach the GAC for pre-screening discussions before formally reporting the transaction.¹¹³

3.149. Article 23 of the Implementing Regulations requires the GAC to issue and notify its decision (approval, conditional approval, or refusal) to the applicant before the expiry of the 90-day review period. The GAC may announce its decision to the public¹¹⁴, and it usually publishes its decisions on its website.¹¹⁵

3.150. The GAC has discretion to examine an economic concentration transaction (whether before or after its completion), even if the parties failed to report the transaction.¹¹⁶ If the parties completed the economic concentration transaction after reporting it to the GAC but before the issuance of a GAC decision or the end of the 90-day review period, the GAC Board may require the parties to restore their previous (pre-completion) status and terminate the economic concentration transaction within a specified period. In such a case, the parties are liable for any damages arising from the completion of the economic concentration.

Penalties

3.151. The new Competition Law and its Implementing Regulations have granted the GAC Board and GAC enforcement officers and investigators wide-ranging enforcement powers (e.g. searching premises, accessing books and records, issuing summons, and instigating criminal proceedings). The new Competition Law provides for the following penalties (which are in addition to any other applicable penalties under other laws and regulations of Saudi Arabia):

- The violation of any of the provisions of Articles 5 (anti-competitive practices), 6 (abuse of dominant position), 7 (economic concentration), or 11 (completion of economic concentration before GAC approval or the expiry of the 90-day review period without GAC notifying its approval or refusal) of the Competition Law is punishable by a fine not exceeding 10% of the annual sales value of the subject of the violation. When it is impossible to estimate the sales value, the fine will not exceed SAR 10 million (USD 2.6 million). The GAC Committee may, at its discretion, impose a fine not exceeding three times the gains made by the violator as a result of the violation.¹¹⁷
- The violation of any provision of Article 16 of the Competition Law is punishable by a fine not exceeding 5% of the annual sales value of the subject of the violation.¹¹⁸ When it is

¹⁰⁹ Article 7 of the new Competition Law.

¹¹⁰ Article 14 of the Implementing Regulations.

¹¹¹ Article 15(2) of the Implementing Regulations.

¹¹² GAC, *Board of Directors of the General Authority for Competition Holds its 59th Meeting and Issues a Number of Resolutions*, 04/02/1441H. Viewed at: https://gac.gov.sa/PageNews_en.aspx?id=2323.

¹¹³ Article 18 of the Implementing Regulations.

¹¹⁴ Article 24 of the Implementing Regulations.

¹¹⁵ GAC. Viewed at: www.gac.gov.sa.

¹¹⁶ Article 17 of the Implementing Regulations.

¹¹⁷ Article 19(1) of the new Competition Law.

¹¹⁸ Article 16(1) states: "An entity may not prevent the law enforcement officer or investigator from performing a task assigned to him in accordance with the powers conferred upon him by the Law, nor withhold

impossible to estimate the sales value, the fine will not exceed SAR 5 million (around USD 1.3 million).¹¹⁹

- The violation of any other provision of the Competition Law or the Implementing Regulations is punishable by a fine not exceeding SAR 2 million (around USD 533,000).¹²⁰

3.152. Any of the fines imposed above may also be doubled if the violator repeats the same violation within three years of the date of resolution of the first violation.¹²¹ The GAC Board may also take one or more of the following measures¹²²:

- Require the violator to dispose of certain assets, shares, or property rights, or to perform any other act to ensure the removal of the violation.
- Require the violator to pay a daily fine not exceeding SAR 10,000 (around USD 2,600) until the violation is removed within the period specified by the GAC Board. If such period elapses without removing the violation, the fine will be doubled until it is removed.
- If the violation continues, the entity will be temporarily closed for a period not exceeding 30 days as of the expiry of 90 days from the GAC Board's notification to the entity stating removal of the violation.

Price control

3.153. Under the new Competition Law, prices of goods and services are determined according to market rules and principles of free competition.¹²³ However, prices for the goods and services specified by a Council of Ministers resolution or under a law are excluded and are subject to regulations that set maximum prices (Table 3.11).

Table 3.11 Price regulation, 2020

(SAR)

1. Goods subject to price regulation		
Item	HS Code	Current regulated price
Wheat flour	1101 0010	22 per 45 kg
Infant milk		29 per 400 gm can 70 per kg for cans > 400 gm
Barley		49.35 per 50 kg bag
Cement		Consumer price 14.5 per 50 kg bag bulk
Crude oil		0.15 per litre
Sales gas		4.7 per MMBtu
Ethane		6.6 per MMBtu
Propane		
Butane		Pursuant to Council of Ministers Resolution No. 95
Natural gasoline		
LPG		0.79 per litre
Diesel		0.47 per litre
Kerosene		0.64 per litre
Fuel oil		0.34 per bbl
Asphalt		300 per tonne
NGL is calculated using an equation based on export price.		

information from him, provide misleading information, or conceal or destroy documents that benefit the investigation".

¹¹⁹ Article 19(2) of the new Competition Law.

¹²⁰ Article 20 of the new Competition Law.

¹²¹ Article 19(3) of the new Competition Law.

¹²² Article 21(2) of the new Competition Law.

¹²³ Article 4 of the new Competition Law.

2. Pharmaceuticals		
Item	HS Code	Current price controls
Pharmaceuticals	Chapter 30	Based on several factors, including therapeutic importance, price of similar products, pharma-economic studies, price in country of origin, price in reference countries, proposed price, number of registered generic products, etc.
3. Price regulation in services		
Services	Current regulated price	
Energy transportation services, including pipeline transportation services	Tariffs established based on cost of services provided and administered in a non-discriminatory manner. Current single pipeline tariff: 539 per 1,000 barrels.	
Port – general cargo	35 per tonne or part thereof	
Port – vehicles and equipment	35 per tonne or part thereof	
Port – bagged cargo and foodstuff	20 per tonne or part thereof	
Port – bagged cement	10 per tonne or part thereof	
Port – bulk cargo (including bulk handled at the cement silos, grains, oils, or similar; excluding crude oil, gas, and liquefied petroleum products)	6 per tonne or part thereof	
Port – exported bulk cement and clinker	3 per tonne or part thereof	
Port – container up to 20 feet long	270 per unit	
Port – container over 20 feet long	415 per unit	
Port – sheep goat	2 per head	
Port – other livestock	5 per head	
(a) Electricity consumption for household purposes		
1 kW-6,000 kW/hour/month	0.18 per kW	
More than 6,001 kW/hour/month	0.30 per kW	
(b) Electricity consumption for governmental purposes		
1 or more kW/hour/month	0.32 per kW	
(c) Electricity consumption for commercial purposes		
1 kW-6,000 kW/hour/month	0.20 per kW	
More than 6,001 kW/hour/month	0.30 per kW	
(d) Electricity consumption for agricultural purposes		
1 kW-6,000 kW/hour/month	0.16 per kW	
More than 6,001 kW/hour/month	0.20 per kW	
(e) Electricity consumption for industrial purposes in consumption period		
1 or more kW/hour/month	0.18 per kW	

Source: Information provided by the authorities.

3.3.5 State trading, state-owned enterprises, and privatization

3.154. Saudi Arabia notified the WTO that it does not maintain any state-trading enterprises within the meaning of Article XVII of the GATT 1994 and the Understanding on the Interpretation of Article XVII.¹²⁴

3.155. In addition to direct holdings by the Government in some undertakings, government agencies, such as the General Organization of Social Insurance (GOSI), the Public Pension Agency (PPA), and notably the PIF, have holdings in a number of businesses (Table 3.12).

¹²⁴ WTO documents G/STR/N/16/SAU and G/STR/N/17/SAU, 11 April 2018; and G/STR/N/18/SAU, 6 March 2020.

Table 3.12 Selected publicly listed companies with state investments, 2020

(SAR million)

Enterprise	Main activities	State holding	Total assets	Net profit
			SAR mn	SAR mn
Saudi Telecom	Telecoms	PIF 70%	118,326	10,665
Samba Financial Group	Finance	PIF 22.91% PPA 11.54% GOSI 7.09%	255,604	3,991
Riyad Bank	Finance	PIF 21.75% GOSI 16.72%	265,789	5,602
Saudi Investment Bank	Finance	GOSI 16.56% PPA 13.99%	100,815	239
National Commercial Bank	Finance	PIF 44.29% PPA 5.36% GOSI 5.18%	507,264	11,401
Company for Cooperative Insurance	Insurance	PPA 18.89% GOSI 17.88%	2,668	402
Saudi Electricity Co.		PIF 74.3%	479,830	1,388
National Shipping Co. of Saudi Arabia	Shipping	Saudi Arabian Oil Co. 6.92% Public Investments Fund 22.55% Saudi Arabian Oil Co. 20%	20,561	621
Saudi Real Estate Co.	Real estate	Public Investments Fund 64.57%	7,199	-186
Saudi Arabian Mining Co. (MA'ADEN)	Minerals	Public Investments Fund 67.18%	97,658	-739
Southern Province Cement Co.	Cement	Public Investments Fund 37.43% GOSI 10.87%	4,200	463
Saudi Basic Industries Corporation (SABIC)		Saudi Arabian Oil Co. 70%	310,366	5,560
Saudi Arabian Fertilizers Co.	Fertilizer	Saudi Basic Industries Corp. 42.99% GOSI 8.85%	9,663	1,474
Saudi Ground Services Co.	Airline ground services	Saudi Arabian Airlines 52.50%	4,323	423
Saudi Airlines Catering Co.	Airline catering	Saudi Arabian Airlines 35.70%	2,504	464

Source: Information provided by the authorities.

3.156. The GOSI was established to implement the Social Insurance Law issued under Royal Decree No. M/22 of 1969 as amended by Royal Decree No. M/33 of 2000. Its responsibilities include managing the investment fund, which is invested in Saudi real estate and companies.

3.157. The PPA was created by Cabinet Decision No. 277 of 2003, taking over from the Retirement Pension Directorate as the administrator of civil and military services pension schemes. Under Cabinet Decision No. 3 of 2004, the PPA is an independent entity chaired by the Minister of Finance.

3.158. The PIF was established by Royal Decree No. M/24 of 1971 to finance commercial projects that are strategically significant to the economy and that the private sector could not implement. In June 2008, the PIF launched a sovereign wealth fund in global assets (SAR 20 billion, about USD 5 billion at the time). Since March 2015, the PIF has reported to the newly created Council of Economic and Development Affairs. Under Vision 2030, Saudi Arabia aims to transform the PIF into a global industrial conglomerate and the world's largest sovereign wealth fund. The goal is to increase the PIF's assets from SAR 600 billion to over SAR 7 trillion. The PIF is not expected to compete with the private sector, but instead help unlock strategic sectors requiring intensive capital inputs.¹²⁵

3.159. The Government is promoting the listing of private Saudi companies and state-owned enterprises.¹²⁶ Notably, on 11 December 2019, Saudi Aramco was listed on the Tadawul and became the world's largest publicly traded company.¹²⁷ In line with the objectives of Vision 2030, the capital

¹²⁵ Kingdom of Saudi Arabia, *Vision 2030*. Viewed at: <https://www.vision2030.gov.sa>.

¹²⁶ Kingdom of Saudi Arabia, *Vision 2030*. Viewed at: <https://www.vision2030.gov.sa>.

¹²⁷ Saudi Aramco, *Saudi Aramco Has Officially Listed on the Saudi Stock Exchange (Tadawul)*, 11 December 2019. Viewed at: <https://www.saudiaramco.com/en/news-media/news/2019/saudi-aramco-listed-on-tadawul>.

raised for the PIF through the initial public offering (IPO) of Saudi Aramco is to be channelled into new economic ventures, supporting the growth of the private and non-oil sectors.¹²⁸

3.160. The state budget also includes approval for budgetary revenue and expenditure of public institutions connected to the state budget. Some of these are commercial or quasi-commercial entities, including the national flag carrier Saudi Arabian Airlines (Saudia), the Saudi Ports Authority, and the Saudi Credit and Savings Bank.

3.161. Under Vision 2030, the privatization of state-owned assets is being further encouraged to increase the participation of the private sector in the economy from less than 40% to 65% of GDP.¹²⁹ Saudi Arabia is in the process of determining additional sectors suitable for privatization and creating a comprehensive privatization programme. The Council of Economic and Development Affairs is responsible for overseeing the privatization programme and monitoring its implementation.

3.3.6 Government procurement

3.162. Saudi Arabia is an observer to the WTO plurilateral Agreement on Government Procurement (GPA).¹³⁰

3.163. During the last few years, Saudi Arabia's annual spending on public procurement was in the range of 28% to 38% of the government public budget. Based on the 2019 and 2020 budgets, this percentage represents around SAR 300 billion annually, i.e. around 13% of GDP.

3.164. On 16 July 2019, the Council of Ministers approved the new Government Tenders and Procurement Law (GTPL) by Royal Decree No. M/128 of 1440H. It supersedes most of the previous GTPL issued under Royal Decree No. M/58 dated 04/09/1427H. The key objective of the new Law, which came into force on 1 December 2019, is to strengthen government procurement activities while protecting public funds and enhancing economic development, with an emphasis on integrity, fair competition, and transparency.¹³¹

3.165. The new GTPL also aims to support SMEs and increase local content in government procurement contracts. The conditions to benefit from local content and SMEs' preferences are generally to supply locally made products, hire locals, conduct R&D, and include other elements of local content, as well as to be registered as an SME for SMEs' preferences.¹³²

3.166. According to the authorities, preferences related to local content are currently under discussion as to whether to apply them to commercial companies in which the State owns more than 51% of the share capital.

3.167. The Executive Regulations of the new GTPL, in effect from 1 December 2019, were drafted by the Ministry of Finance in coordination with the newly created Local Content and Government Procurement Authority (LCGPA), the Small and Medium Enterprises General Authority, and the Capital Market Authority.¹³³ These regulations include mechanisms for giving preference to local content, SMEs, and listed companies. They also include fines to be imposed on contractors that do not comply with the local content requirements.

3.168. The basic legislation on government procurement is shown in Table 3.13.

¹²⁸ The IPO, which was made in November 2019, raised USD 25.6 billion. The PIF is also set to benefit from staggered payments from the fund's sale of its 70% stake in Saudi Basic Industries Corporation (SABIC) to Saudi Aramco, valued at SAR 259 billion (around USD 69 billion). Saudi Aramco is reportedly starting early preparations for a second listing overseas. Oxford Business Group, *Saudi Arabia's Vision 2030 Attracts Attention in the New Decade*. Viewed at: <https://oxfordbusinessgroup.com/overview/bright-future-kingdom-attracts-international-attention-its-vision-2030-economic-development-plan>.

¹²⁹ Kingdom of Saudi Arabia, *Vision 2030*. Viewed at: <https://www.vision2030.gov.sa>.

¹³⁰ In its WTO accession commitments, Saudi Arabia indicated that it would initiate negotiations for GPA membership (WTO document WT/ACC/SAU/61, 1 November 2005, para. 231).

¹³¹ Article 2 of the new GTPL.

¹³² Article 96 of the new GTPL.

¹³³ Article 96 of the new GTPL.

Table 3.13 Legislation on government procurement, 2020

Title	Reference	Date
Government Tenders and Procurement Law (New Law)	Royal Decree No. M/128	13/11/1440H (16/07/2019)
New Implementing Regulations	Minister of Finance Decision No. 1242	21/03/1441H (19/11/2019)
Amended Implementing Regulations	Minister of Finance Decision No. 3479	11/08/1441H (05/04/2020)
GCC Unified Rules on Granting Priority in Government Procurements to National Products and Products of National Origin	Council of Ministers Resolution No. 167	24/04/1435H (25/02/2014)

Source: Information provided by the authorities.

3.169. While preserving certain practices from the old GTPL, the new GTPL represents a substantial reworking of the framework for government procurement and incorporates the core principles of Vision 2030. Under the new GTPL, government procurement should be used to spur development of the non-oil sector of the economy and increase non-oil government revenue from SAR 163 billion to SAR 1 trillion, in line with Vision 2030.¹³⁴ Preferences in government tenders should be given to SMEs, listed companies, and local content.¹³⁵

3.170. Also, in line with Vision 2030, the new GTPL empowers the LCGPA to enter into contracts on its own volition for the Saudization of an industry or for knowledge transfer. Further, procurement contracts entered into under the new GTPL may include provisions on knowledge transfer, training, and the transfer of operating skills to employees of the government entity. The new GTPL also reflects some core principles of Vision 2030 in providing for a new form of government contract to encourage the best idea, design, or other form of intellectual property right through competition. This approach is consistent with Saudi Arabia's goal to become a hub for R&D activities to help grow the non-oil sector.

3.171. The new GTPL applies to procurements by: (i) ministries and government agencies; (ii) public organizations; (iii) departments and institutions; and (iv) independent public entities with a legal structure. Certain elements of the new GTPL, in particular the principles of fairness, transparency, and competitiveness, are applicable to commercial companies in which the State owns more than 51% of the share capital.¹³⁶

3.172. The Ministry of Finance is creating and implementing a unified web-based portal, called the ETIMAD, for government procurement efforts. The procedures for all tenders and procurement by governmental entities are to be posted on the ETIMAD, along with electronic versions of the tender documents, except for reasons relating to national security or technical reasons that prevent such posting. The Ministry of Finance will also compile and publish on the ETIMAD a list of "blocked" or "blacklisted" persons. The ETIMAD is expected to enable greater integration through the sharing of data on procurement activities among governmental bodies including the LCGPA, the General Authority for Zakat and Tax, and the Ministry of Human Resource and Social Development.

3.173. Under the new GTPL, the Council of Ministers is authorized to determine the Entity in Charge of Unified Procurement (ECUP), and it appointed the Center of Spending Efficiency (CSE) as the ECUP. The ECUP is tasked with identifying those works or purchases required by more than one governmental entity. The ECUP is to develop standardized technical requirements for such items, initiate tender procedures for their purchase, and receive and evaluate offers to sell such items to the Government. The ECUP is then expected to enter into a framework agreement with the supplier, which is to be used by all governmental bodies requiring a particular item. The ECUP is to publish on its portal a list of all framework agreements it has entered into with suppliers. The ECUP is designed to centralize procurement of commonly used items (e.g. desks and computers), and thereby reduce the cost to the Government. Notably, the General Authority for Military Industries, the body in charge of procurement in the defence sector, is partly exempt from the ECUP procurement regime.

¹³⁴ Kingdom of Saudi Arabia, *Vision 2030*. Viewed at: <https://www.vision2030.gov.sa>.

¹³⁵ Article 9 of the new GTPL.

¹³⁶ The PIF is tasked with drafting the regulations in this regard.

3.174. The new GTPL uses the same three contracting methods as its predecessor: (i) public tenders (the default option); (ii) limited tenders (the number of providers is limited, or for consulting services); and (iii) direct procurement (for military/national security, or for low-value tenders). Two other methods were added: (i) two-stage tenders (for complex matters/projects that may develop over time); and (ii) electronic reverse auction (where a competitive market for the products exists).

3.175. The procurement regime under the new GTPL largely follows that of its predecessor regarding bid submission, validity of bids, bid bonds, bid opening, and performance bonds. The new GTPL eliminates the requirement to post a bid bond in direct procurements, tenders applying the competition technique, contracts between government entities, and contracts with domestic SMEs, NGOs, or non-profit organizations.

3.176. The new GTPL introduced the concept of bid protest to the government procurement process. Once the government entity announces a contract award, it must observe a "standstill" period of 5 to 10 working days before finalizing the contract. This period affords other bidders the right to protest the award decision before one of the tender review committees, which are to be established by the Minister of Finance. To file a protest, a bidder must post a financial guarantee equal to 50% of the value of the bid bond for the tender at issue, which will be returned if the grievance is found to be valid. Requiring the bidder to post financial security for a protest should eliminate ill-considered protests to adverse bid awards, while providing a path to challenge an award where the bidder believes that the award was not made in a manner consistent with the requirements of the new GTPL and its Executive Regulations.

3.177. The new GTPL reaffirms that government contracts are to be priced in riyals but may also be in another currency with approval from the Ministry of Finance. The contract price must be for the full cost of contract implementation, including any charges and taxes due from the contractor. Moreover, the new GTPL provides that the contract may include no exemptions from tax on the profits of the contractor or the income of its employees.¹³⁷ The tax provision establishes the supremacy of the Ministry of Finance on all matters related to government contracts. The new GTPL preserves the unilateral right of the government body to increase the contract price by up to 10% or to decrease it by as much as 20%.

3.178. Similar to provisions in the previous GTPL, a contract may be assigned with the express approval of the contracting government body and the Ministry of Finance. Subcontracting is permitted with the prior written approval of the contracting government body; the primary contractor is jointly liable with the subcontractor for the subcontracted works. The Government may now pay the approved subcontractor directly, contrary to the prior practice.

3.179. The new GTPL maintained the capped delay penalty for the late delivery of goods at 6% but increased it on contracts for services/works and on continuous performance contracts to 20% (from 10%).

3.180. Under the new GTPL, domestically produced products still qualify for a price preference of 10%, which can be increased upon agreement between the LCGPA and the CSE. Also, under the GCC Unified Rules on Granting Priority in Government Procurements to National Products and Products of National Origin, products from other GCC member States qualify for a price preference of 10%.

3.3.7 Intellectual property rights

3.3.7.1 Overview

3.181. In 2020, Saudi Arabia ranked 66th among the 131 countries in the World Intellectual Property Organization's (WIPO) Global Innovation Index 2020 with particular strengths in, for example, research and development, ICT access and use, and knowledge impact, such as computer software spending.

¹³⁷ Article 65 of the new GTPL.

3.182. The Saudi Authority for Intellectual Property (SAIP) was established under the Council of Ministers Decision No. 410 of 27 March 2017. The Decision transfers duties and responsibilities from the Saudi Patent Office (King Abdulaziz City for Science and Technology), Copyright Department (under the Ministry of Culture and Media), and Trademark Department (under the Ministry of Commerce) and unifies them under the SAIP. The Council of Ministers Decision No. 496 of 11 June 2018 sets forth the SAIP's main roles and responsibilities as: (i) preparing the national strategy for intellectual property (IP), following up on implementation after its adoption, and developing work plans and programmes in coordination with the relevant authorities; (ii) proposing laws and regulations relating to intellectual property rights (IPRs); (iii) managing the registration, grant, and enforcement of IPRs; (iv) providing information to the public; (v) raising awareness regarding IP and IPR protection; (vi) representing Saudi Arabia in international and regional organizations and defending its interests; (vii) providing opinions on international agreements related to IPRs; (viii) following up on the implementation of the obligations resulting from Saudi Arabia's accession to international conventions relating to IP; (ix) promoting the use of IP to build an advanced knowledge-based economy; (x) establishing databases related to the SAIP's work and exchanging information with local, regional, and international authorities; and (xi) licensing of related activities.¹³⁸

3.183. Under Vision 2030, Saudi Arabia is building innovation labs and platforms, and engaging in initiatives to encourage entrepreneurship.¹³⁹ This approach was underpinned by the reforms undertaken in the IP administrative regime during the review period. For example, in 2020, the SAIP requested public consultations on a draft regulation for IP licensing¹⁴⁰, and launched a network of 33 IP support centres, and, in 2019, it began preparations for the development of a national IP strategy.¹⁴¹

3.184. Since the declaration of the precautionary and preventive measures against COVID-19 in 2020, the SAIP has delivered 19,990 different actions via its virtual platforms and provided 17,546 actions to its individual and institutional customers. The SAIP also organized 44 sessions of quasi-judicial committees to adjudicate violations of IPRs. Additionally, it provided training courses for more than 500 beneficiaries from 28 government and private sectors. SAIP also provided a package of exceptions to support its clients in accordance with rules stipulated in international treaties and national regulations. For example, the SAIP extended deadlines of some services until 3 May 2020, due to the COVID-19 pandemic, which supplemented its statement regarding business continuity due to the crisis.¹⁴²

3.185. On 26 October 2020, the SAIP organized the Global Intellectual Property Challenges Forum (IP20+) as an initiative in response to IP priorities in the times of global pandemics and emergencies. Participants of the Forum included the heads of IP offices operating in the G20 countries, WIPO, the World Health Organization, and a number of guests from other IP offices and international organizations.

3.186. Saudi Arabia acceded to three IP treaties: (i) the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled (Marrakesh VIP Treaty) in 2019; (ii) the Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks (Vienna Agreement) in 2020; and (iii) the Locarno

¹³⁸ Information provided by the authorities.

¹³⁹ WIPO, "Saudi Arabia Embraces AI-driven Innovation", *WIPO Magazine*, September 2018. Viewed at: https://www.wipo.int/wipo_magazine/en/2018/05/article_0002.html. More information on Vision 2030 is Kingdom of Saudi Arabia, *Vision 2030*. Viewed at: <https://vision2030.gov.sa/en>.

¹⁴⁰ SAIP, *The SAIP Requests Public Consultation on a Draft Regulation for Licensing the Practice of Intellectual Property Business*, 10 August 2020. Viewed at: <https://www.saip.gov.sa/en/%d8%a7%d9%84%d9%87%d9%8a%d8%a6%d8%a9-%d8%a7%d9%84%d8%b3%d8%b9%d9%88%d8%af%d9%8a%d8%a9-%d9%84%d9%84%d9%85%d9%84%d9%83%d9%8a%d8%a9-%d8%a7%d9%84%d9%81%d9%83%d8%b1%d9%8a%d8%a9-%d8%aa%d8%b7%d9%84%d8%a8/>.

¹⁴¹ SAIP, *Start of National Strategy of Intellectual Property Work*, 6 November 2019. Viewed at: <https://www.saip.gov.sa/en/%d8%a8%d8%af%d8%a1-%d8%a3%d8%b9%d9%85%d8%a7%d9%84-%d8%a7%d9%84%d8%a7%d8%b3%d8%aa%d8%b1%d8%a7%d8%aa%d9%8a%d8%ac%d9%8a%d8%a9-%d8%a7%d9%84%d9%88%d8%b7%d9%86%d9%8a%d8%a9-%d9%84%d9%84%d9%85%d9%84%d9%83/>.

¹⁴² Saudi Press Agency, *Saudi Authority for Intellectual Property Provides 17,546 Actions and 44 Quasi-Judicial Sessions via Virtual Network*, 17 May 2020. Viewed at: <https://www.spa.gov.sa/viewfullstory.php?lang=en&newsid=2087521>.

Agreement Establishing an International Classification for Industrial Designs (Locarno Agreement) in 2020.¹⁴³

3.187. Council of Ministers Decision No. 536 of 10/19/1439H (3 July 2018)¹⁴⁴ was issued to amend the Copyright Law (promulgated by Royal Decree No. M/41 of 02/07/1424H (30 August 2003)) and the Law on Patents, Layout-Designs of Integrated Circuits, Plant Varieties, and Industrial Designs (promulgated by Royal Decree No. M/27 of 29/05/1425H (17 July 2004))¹⁴⁵, in order to replace entities mentioned therein with the SAIP.

3.188. Similarly, the Decision of the Board of Directors of the Saudi Intellectual Property Authority No. 04/08/2019 dated 04/09/1440H (9 May 2019) was issued to amend the Implementing Regulations of the Copyright Law (issued by Ministerial Decision No. 1688/1 of 10/04/1425H (29 May 2004))¹⁴⁶ and the Implementing Regulations of the Law on Patents, Layout-Designs of Integrated Circuits, Plant Varieties, and Industrial Design, Ministerial Decision No. 118828/M/10 of 14/11/1425H (26 December 2004)¹⁴⁷, in order to replace entities mentioned therein with the SAIP.

3.189. Table 3.14 shows the number of patent, trademark, and industrial design applications filed at the SAIP and former Saudi Patent Office from 2015–19 by resident and non-resident applicants. Table 3.15 shows the number of patent, trademark, and industrial design registrations and grants from 2015-19 by resident and non-residents.

Table 3.14 Annual statistics on IPR protection – applications, 2015-19

IPR	2015		2016		2017		2018		2019	
	Resident	Non-resident	Resident	Non-resident	Resident	Non-resident	Resident	Non-resident	Resident	Non-resident
Patents	715	1,691	1,070	2,196	909	2,282	1,078	2,321	1,188	2,463
Trademarks	7,423	10,831	13,643	861	17,092	16,233	18,563	13,329	23,411	14,258
Industrial designs	321	503	386	551	461	540	345	572	348	456

Source: SAIP IP Data Center.

Table 3.15 Annual statistics on IPR protection – registrations/grants, 2015-19

IPR	2015		2016		2017		2018		2019	
	Resident	Non-resident	Resident	Non-resident	Resident	Non-resident	Resident	Non-resident	Resident	Non-resident
Patents	163	600	124	471	90	411	123	446	86	394
Trademarks	7,482	11,149	23,902	1,033	22,227	1,118	23,383	1,214	10,210	12,270
Industrial designs	348	521	337	457	336	585	279	507	195	369

Source: SAIP IP Data Center.

3.190. Saudi Arabia has been a member of WIPO since 1982.¹⁴⁸ It is a party to the Convention Establishing the World Intellectual Property Organization (22 May 1982), the Berne Convention for

¹⁴³ WIPO IP Portal, *WIPO-Administered Treaties, Saudi Arabia*. Viewed at: https://www.wipo.int/treaties/en/ShowResults.jsp?country_id=149C.

¹⁴⁴ SAIP. Viewed at: <https://www.saip.gov.sa/wp-content/uploads/2019/10/%D9%86%D8%B8%D8%A7%D9%85-%D8%AD%D9%85%D8%A7%D9%8A%D8%A9-%D8%AD%D9%82%D9%88%D9%82-%D8%A7%D9%84%D9%85%D9%88%D9%94%D9%84%D9%81-LA-041-01.pdf>.

¹⁴⁵ SAIP. Viewed at: [https://www.saip.gov.sa/wp-content/uploads/2019/06/%D9%86%D8%B8%D8%A7%D9%85-%D8%A8%D8%B1%D8%A7%D8%A1%D8%A7%D8%AA-%D8%A7%D9%84%D8%B5%D8%A7%D8%AF%D8%B1-%D8%B9%D8%A7%D9%85-1425%D9%87%D9%80-%D8%A7%D9%84%D9%85%D8%B9%D8%AF%D9%84-%D8%A8%D9%82%D8%B1%D8%A7%D8%B1-%D9%85%D8%AC%D9%84%D8%B3-%D8%A7%D9%84%D9%88%D8%B2%D8%B1%D8%A7%D8%A1-%D8%B1%D9%82%D9%85-536-%D9%88%D8%AA%D8%A7%D8%B1%D9%8A%D8%AE-1439%D9%87%D9%80-.pdf](https://www.saip.gov.sa/wp-content/uploads/2019/06/%D9%86%D8%B8%D8%A7%D9%85-%D8%A8%D8%B1%D8%A7%D8%A1%D8%A7%D8%AA-%D8%A7%D9%84%D8%A7%D8%AE%D8%AA%D8%B1%D8%A7%D8%B9-%D8%A7%D9%84%D8%B5%D8%A7%D8%AF%D8%B1-%D8%B9%D8%A7%D9%85-1425%D9%87%D9%80-%D8%A7%D9%84%D9%85%D8%B9%D8%AF%D9%84-%D8%A8%D9%82%D8%B1%D8%A7%D8%B1-%D9%85%D8%AC%D9%84%D8%B3-%D8%A7%D9%84%D9%88%D8%B2%D8%B1%D8%A7%D8%A1-%D8%B1%D9%82%D9%85-536-%D9%88%D8%AA%D8%A7%D8%B1%D9%8A%D8%AE-1439%D9%87%D9%80-.pdf).

¹⁴⁶ Information provided by the authorities.

¹⁴⁷ Information provided by the authorities.

¹⁴⁸ WIPO, *Saudi Arabia*. Viewed at: https://www.wipo.int/members/en/details.jsp?country_id=149.

the Protection of Literary and Artistic Works (11 March 2004), the Paris Convention for the Protection of Industrial Property (11 March 2004), the Patent Cooperation Treaty (3 August 2013), the Patent Law Treaty (3 August 2013), the Marrakesh VIP Treaty (21 February 2019), the Locarno Agreement (3 December 2020), and the Vienna Agreement (3 December 2020).

3.3.7.2 Copyright and related rights

3.191. Under the Copyright Law, protection applies equally to domestic and foreign right holders. Copyright holders benefit from all moral and economic rights, and protections as stipulated in the Berne Convention for the Protection of Literary and Artistic Works, and in Article 18 (Scope of Protection) of the Implementing Regulations of the Copyright Law, and amended by Board of Directors of the Saudi Intellectual Property Authority Decision No. 04/08/2019 of 04/09/1440H (9 May 2019)).¹⁴⁹ Parallel imports of copyrighted materials are prohibited in Saudi Arabia.

3.192. The Regulations of Optional Copyrights Registration issued by the SAIP's Board of Directors Decision No. 03/07/2019 dated 07/06/1440H (12 February 2019) provide registration services for architectural designs and computer software and applications. Under Article 3(3) of the Regulations, registration services may be extended to include other types of copyrighted works by a decision of the Chief Executive of the SAIP.

3.193. Saudi Arabia's copyright laws and procedures apply to copyright infringement on the Internet. Accordingly, any person within the territorial jurisdiction of Saudi Arabia who infringes copyrighted works on the Internet shall be subject to one or more of the following penalties: (i) a warning; (ii) a fine not exceeding SAR 250,000; (iii) closure of the establishment that participated in the infringement for a period not exceeding two months; (iv) confiscation of all copies of the work in addition to the materials used, or intended for use, in the infringing acts; or (v) imprisonment for a period not exceeding six months (Article 22 of the Copyright Law).

3.3.7.3 Industrial property

3.3.7.3.1 Overview

3.194. Industrial property protection and enforcement in Saudi Arabia is regulated by: (i) the Law on Patents, Layout-Designs of Integrated Circuits, Plant Varieties, and Industrial Designs; (ii) the Implementing Regulations of the Law of Patents, Layout-Designs of Integrated Circuits, Plant Varieties, and Industrial Designs; (iii) the Law of Trademarks, Royal Decree No. M/21 dated 29/05/1423H (7 August 2002); (iv) the Implementing Regulations of Trademark Law, Ministerial Order No. 1723 dated 26/07/1423H (4 October 2002), as amended by Ministerial Resolution No. 1147H dated 30/11/1433H (17 October 2012); (v) the GCC Trademark Law, approved by Royal Decree No. 51 dated 26/07/1435H (25 May 2014)¹⁵⁰; and (vi) the GCC Trademark Law Implementing Regulations, issued by a decision of GCC Trade Cooperation Committee in its meeting No. 51 dated 03/08/1436H (21 May 2015)¹⁵¹. With regard to patents and trademarks, the concepts of exhaustion of rights and parallel importation are subject to general rules and principles determined by the judiciary. Since its previous Review, Saudi Arabia made no significant amendments to its industrial property laws, aside from those mentioned in paragraphs 3.186-3.187.¹⁵²

3.195. The SAIP issued a public consultations request to gather feedback from the public on the current patent law, collect issues, and address them in a new draft of law, in accordance with a July 2020 deadline. It also requested feedback from interested stakeholders in the Government, the private sector, and individuals regarding the development of its legal frameworks for industrial designs, patents, plant variety protection, and layout-designs of integrated circuits.¹⁵³

3.196. With respect to industrial property, the 2001 Economic Agreement requires GCC member States to, *inter alia*, develop programmes to encourage innovation, cooperate in the field of industrial

¹⁴⁹ Information provided by the authorities.

¹⁵⁰ Viewed at: <http://ncar.gov.sa/Documents/Details?Id=CUkPtCD1Ts7IBL7Vymjw6A%3D%3D>.

¹⁵¹ Viewed at: <http://ncar.gov.sa/Documents/Details?Id=bDbVZQa0oRvVv2beQEIpTDw%3D%3D>.

¹⁵² WTO document WT/TPR/S/333/Rev.1, 21 June 2016.

¹⁵³ SAIP. Viewed at: <https://www.saip.gov.sa/ar/law-of-patents-layout-designs-of-integrated-circuits-plant-varieties-and-industrial-designs-2/?preview=true>.

property and develop regulations and procedures to ensure the protection of IPRs, and coordinate their policies with other countries and regional and international organizations.¹⁵⁴

3.3.7.3.2 Trademarks and geographical indications (GIs)

3.197. The GCC Trademark Law¹⁵⁵ entered into force for Saudi Arabia on 2 October 2016. It sets out provisions regarding the registrability, registration, and enforcement of trademark rights in GCC member States. The IP offices of each GCC member State register trademarks on a national basis; the GCC Trademark Law does not establish a unified registration or enforcement mechanism.¹⁵⁶ The GCC Trademark Law allows 90 days from the filing date for the rejection or approval of the application for publishing. Generally, the process takes approximately 18 days, followed by a publishing period of 60 days. The registration is granted after the period of publication, if there is no opposition. Article 2 of the GCC Trademark Law expressly includes certain non-traditional marks, such as sounds and smells, in its definition of the term *trademark*. In 2020, the SAIP issued the first certificate for a sound trademark.¹⁵⁷ The GCC Trademark Law provides for the protection of well-known trademarks, regardless of whether the trademark is registered domestically.

3.198. GIs may be protected as trademarks. According to the authorities, the period of time from the filing of an application to the date of rejection or approval is similar to that of trademarks. As part of the Project for the Protection of GIs, and in cooperation with related national authorities, the SAIP compiled a list of agricultural and food products, handicrafts, and national industrial products that may be registered as GIs. The SAIP requested all interested parties to submit written opinions or notes in accordance with a July 2020 deadline.¹⁵⁸

3.3.7.3.3 Industrial designs

3.199. The protection period for industrial design certificates shall be 10 years from the date of filing the application (Article 19 of the Law on Patents, Layout-Designs of Integrated Circuits, Plant Varieties, and Industrial Designs; and the Implementing Regulations of the Law of Patents, Layout-Designs of Integrated Circuits, Plant Varieties, and Industrial Designs).

3.3.7.3.4 Patents

3.200. The patent protection period shall be 20 years from the date of filing the application (Article 19 of the Law on Patents, Layout-Designs of Integrated Circuits, Plant Varieties, and Industrial Designs; and the Implementing Regulations of the Law of Patents, Layout-Designs of Integrated Circuits, Plant Varieties, and Industrial Designs). According to the authorities, on average, a patent application takes between 30 and 36 months from the date of filing to the decision of the SAIP. The duration depends on a number of factors, including the field of technology, the applicant's response time to questions on examination matters, and extension of time limits.

3.201. There were no significant changes to the legal provisions and administrative procedures concerning compulsory licensing, except the transfer of the competent authority to issue compulsory licences from King Abdulaziz City for Science and Technology to the SAIP (per Articles 24-30 of the Law on Patents, Layout-Designs of Integrated Circuits, Plant Varieties, and Industrial Designs).

¹⁵⁴ WIPO IP Portal, *The Economic Agreement Between the GCC States* (translation). Viewed at: <https://wipo.int/ipportal/en/text/227910>.

¹⁵⁵ WIPO IP Portal, *Trademarks Law of the Gulf Cooperation Council States (the GCC Trademarks Law)*. Viewed at: <https://wipo.int/ipportal/en/legislation/details/16702>.

¹⁵⁶ WIPO, "GCC Trademark Law Coming Soon", *WIPO Magazine*, September 2014. Viewed at: https://www.wipo.int/wipo_magazine/en/2014/05/article_0010.html.

¹⁵⁷ SAIP, *SAIP Issues the First Certificate for a Sound Trademark in the Kingdom and Invites Those Wishing to Register to Apply Through Its Portal*, 25 August 2020. Viewed at: <https://www.saip.gov.sa/en/الملكية-الفاكرية-شهادة-اول-تصدر>.

¹⁵⁸ SAIP. Viewed at: <https://www.saip.gov.sa/ar/%d8%a7%d9%84%d9%85%d9%84%d9%83%d9%8a%d8%a9-%d8%a7%d9%84%d9%81%d9%83%d8%b1%d9%8a%d8%a9-%d8%aa%d8%ad%d8%b5%d8%b1-%d8%a7%d9%84%d9%85%d8%a4%d8%b4%d8%b1%d8%a7%d8%aa-%d8%a7%d9%84%d8%ac%d8%ba%d8%b1%d8%a7/>.

3.202. The Patent Office of the GCC grants patents that are valid in all GCC member States.¹⁵⁹ Table 3.16 shows the number of patent applications and patent grants filed at the Patent Office of the GCC.

Table 3.16 Patent Office of the GCC, patent applications and patent grants, 2015-19

	2015		2016		2017		2018		2019	
	Resident	Non-resident	Resident	Non-resident	Resident	Non-resident	Resident	Non-resident	Resident	Non-resident
GCC patent applications	247	1,735	286	1,663	371	1,475	667	1,553	707	1,513
GCC patent grants	44	618	65	608	298	1,942	353	2,307	346	2,314

Note: "Resident" refers to a resident of a GCC member State.

Source: SAIP IP Data Center.

3.3.7.3.5 Plant variety protection

3.203. The period of plant patent protection is 20 years from the date of filing the application; for trees and vines, the period of protection is 25 years (Article 19 of the Law on Patents, Layout-Designs of Integrated Circuits, Plant Varieties, and Industrial Designs; and the Implementing Regulations of the Law of Patents, Layout-Designs of Integrated Circuits, Plant Varieties, and Industrial Designs).

3.3.7.3.6 Layout-designs of integrated circuits

3.204. The term of protection for the design certificate is 10 years from the date of filing the application, or 10 years from the date of beginning its commercial exploitation anywhere in the world. The period of protection may not exceed 15 years from the date of the creation of the design (Article 19 of the Law on Patents, Layout-Designs of Integrated Circuits, Plant Varieties, and Industrial Designs; and the Implementing Regulations of the Law of Patents, Layout-Designs of Integrated Circuits, Plant Varieties, and Industrial Designs).

3.3.7.4 Enforcement

3.205. Article 16(6) of the Law of Commercial Courts, Royal Decree No. (M/93) dated 15/08/1441H (8 April 2020)¹⁶⁰ provides the commercial courts with subject matter jurisdiction over all criminal and civil IP cases. In 2020, Saudi Arabia notified the TRIPS Council that the SAIP is its contact point for cooperation on the elimination of trade in infringing goods.¹⁶¹

3.206. On 30 September 2020, Saudi Arabia launched the IP Respect Officer initiative, which aims to qualify and train employees in most government agencies to advise on all matters related to IP in terms of software usage and publications in the entity they represent. These employees also monitor their agency, helping to eliminate any violations of IP laws and regulations. Seventy officers from different government agencies were registered as IP Respect Officers.¹⁶²

3.207. Saudi Arabia established the National Committee for Enforcing Intellectual Property Rights, which is governed by Resolution No. 3-12-2020 dated 30/08/2020. The committee aims to improve and strengthen the IP enforcement ecosystem.

3.208. According to the authorities, authorized customs officials can seize infringing material in an *ex officio* capacity. Subsequently, customs officials must confirm with the right holder whether the seized goods are infringing material. Table 3.17 shows the number of copyright enforcement actions from 2015–20, including the number of inspection campaigns, number of cases, sanctions, amount of penalties, amount of compensation and number of seized goods or websites blocked. Table 3.18 shows the number of trademark cases referred to the public prosecution from 2017–20.

¹⁵⁹ Patent Office of the GCC. Viewed at: <https://www.gccpo.org>.

¹⁶⁰ Viewed at: <https://www.uqn.gov.sa/articles/1587045967380860700/>.

¹⁶¹ WTO document IP/N/3/SAU/1, 30 April 2020.

¹⁶² Saudi Press Agency, *Initiative of Intellectual Property Respect Officer Launched with Participation of More Than 70 Government Agencies*, 30 September 2020. Viewed at: <https://www.spa.gov.sa/viewfullstory.php?lang=en&newsid=2139972>.

Table 3.17 Enforcement actions: copyright, 2015-20

	2015	2016	2017	2018	2019	2020
Inspection campaigns	517	n.a.	143	66	8	1,000 online inspection
Number of cases	690	186	200	107	58	79
Sanctions	1438	511	477	n.a.	8	8
Penalties (SAR)	5,731,700	2,395,800	2,634,300	1,240,300	383,645	1,356,150
Compensation (SAR)	2,434,300	17,502,885	4,326,454	3,980,188	298,016	38,972,700
Number of seized goods	262,631	319,670	187,660	n.a.	5,269	308 websites were blocked

Source: SAIP IP Respect Department.

Table 3.18 Number of trademark cases referred to the public prosecution, 2017-20

	2017	2018	2019	2020	Total
Number of cases	157	158	178	32	525

Source: SAIP IP Respect Department.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture, Forestry, and Fisheries

4.1.1 Features

4.1. Agriculture, forestry, and fishing contributed nearly SAR 66 billion, or 2.2%, to GDP in 2019, broadly unchanged from 2014, following a trend decline in the sector's contribution to GDP from 5% two decades ago. Agriculture, forestry, and fishing currently account for about 3.5% of total employment.¹

4.2. Following declines until 2013 to 700,000 hectares, agricultural land use increased again and stabilized at around 1 million hectares in 2018 before declining in 2019, according to official data.² The area under production for cereals declined by more than 22% between 2015 and 2019, as the Government phased out the purchase of domestic wheat production by 2016 before reintroducing it in 2018 to mitigate the impact of restrictions on planting green fodder (Section 4.1.3.2). Areas for growing vegetables increased slightly until 2018 but fell in 2019, while those for dates increased overall. Barley is primarily used for feed, while wheat is primarily for human consumption. Virtually all agricultural land is under irrigation. In line with government policy to reduce water use in agriculture (see below), the production of green fodder began to be phased out in late 2018, a process set to be complete by 2022.

4.3. Total crop production overall remained stable at nearly 15 million metric tonnes between 2015 and 2018 before falling in 2019. It remains significantly higher than between 2008 and 2013, according to data provided by the Government during the last Review, although changes in data collection and corrections resulting from the agricultural census in 2014 limit data comparability. Overall, land use and production of cereals decreased, while land use and production of vegetables increased before declining in 2019. Yields per hectare of date palms increased more than 35% between 2015 and 2019, although the area planted expanded only modestly (Table 4.1). In 2018, Saudi Arabia was the world's second-largest producer of dates.³

Table 4.1 Crop production, 2014-19

(Production in '000 tonnes, area in '000 ha)

		2014	2015	2016	2017	2018	2019
Total crops	Production	13,947.3	14,920.7	15,310.9	15,114.7	14,861.8	11,912.8
	Area	1,047.8	1,038.1	1,026.9	1,017.1	994.8	857.8
Cereals	Production	1,595.1	1,630.1	1,524.8	1,509.2	1,459.7	966.5
	Area	321.2	305.9	291.4	277.9	268.6	237.4
Wheat	Production	718.5	693.8	618.7	620.9	586.4	426.2
	Area	122.2	113.0	104.4	96.5	89.8	83.8
Barley	Production	596.4	678.0	648.6	637.6	624.7	414.7
	Area	101.3	99.2	97.2	95.2	93.9	91.9
Vegetables	Production	1,802.2	1,847.1	1,924.6	1,939.4	1,974.9	1,398.4
	Area	80.1	83.3	83.9	85.0	86.0	71.8
Tomato (field)	Production	184.2	196.8	207.5	207.1	210.6	157.4
	Area	10.5	11.8	11.9	12.1	12.2	9.4
Potato	Production	429.3	459.2	466.4	476.4	482.3	402.7
	Area	17.1	17.6	18.2	18.8	19.1	18.2
Watermelon	Production	494.6	505.7	574.7	606.2	634.5	478.9
	Area	24.6	26.2	27.9	29.7	31.0	29.8
Tomato (greenhouse)	Production	96.1	91.8	97.7	99.3	101.7	102.5
	Area	1.1	1.2	1.2	1.2	1.3	1.3
Fodder	Production	9,619.1	10,124.7	10,399.7	10,146.6	9,824.7	7,810.0
	Area	501.2	501.7	502.2	502.7	486.6	418.9

¹ Data provided by the authorities.

² According to the authorities, changes to the data collection process and the completion of an agricultural census in 2014 limit the comparability of data before and after 2014.

³ FAOSTAT, *Food and Agriculture Data*. Viewed at: www.fao.org/faostat/en/.

		2014	2015	2016	2017	2018	2019
Fruits	Production	931.0	1,318.8	1,461.8	1,519.5	1,602.5	1,737.8
	Area	145.2	147.2	149.3	151.4	153.6	129.5
Dates	Production	656.8	1,038.5	1,153.0	1,224.2	1,302.9	1,521.7
	Area	107.3	109.4	111.6	113.8	116.1	117.2

Note: Estimated data.

Source: General Authority for Statistics, *Statistical Yearbook 2018*; and 2019 data provided by the authorities.

4.4. Between 2014 and 2019, livestock numbers increased across the board. Production of related meat products, as well as milk and eggs, also increased between 2014 and 2018 (Table 4.2).

Table 4.2 Livestock and animal products, 2014-19

	2014	2015	2016	2017	2018	2019
Livestock number ('000)						
Camels	472	476	481	486	491	495
Chicken	772,393	792,037	807,854	827,707	837,131	861,851
Cows	354	358	361	365	368	405
Goats	3,563	3,598	3,634	3,670	3,707	3,723
Sheep	9,055	9,146	9,237	9,328	9,409	9,565
Animal products ('000 tonnes)						
Meat	705	721	757	747	762	..
Poultry	508	518	554	541	554	..
Sheep	85	86	86	88	89	..
Milk	2,378	2,399	2,422	2,446	2,489	..
Cow milk	2,100	2,117	2,138	2,159	2,200	..
Eggs	255	275	280	283	286	..

.. Not available.

Note: Estimated data.

Source: General Authority for Statistics, *Statistical Yearbook 2018*; data provided by the authorities; and FAOSTAT, *Food and Agricultural Data*. Viewed at: <http://www.fao.org/faostat/en/#home>.

4.1.2 Trade

4.5. Saudi Arabia remains a major net importer of agricultural products (WTO definition⁴). Agricultural exports decreased overall between 2014 and 2019 in nominal terms but increased slightly as a share of exports. Dairy products are the largest export product at the HS2 level. While dairy exports remained broadly stable over 2014-19, exports of milk and cream, dates (a traditional export), and pasta increased over the last few years, reflecting surplus production of milk, eggs, and dates, according to authorities (Table 4.3). Agricultural exports are primarily shipped to other Arab countries, predominantly other GCC member States.

Table 4.3 Exports of agricultural products, 2014-19

(USD million)

HS Code and product description	2014	2015	2016	2017	2018	2019
Exports^a	3,672	3,694	3,654	3,557	3,387	3,369
(% of total exports)	1.1%	1.8%	2.0%	1.6%	1.2%	1.3%
HS 04 Dairy produce; birds' eggs; natural honey; edible products of animal origin, n.e.s. or included	1,140	1,197	1,215	1,136	1,094	1,113
HS 0402 Milk and cream, concentrated or containing added sugar or other sweetening matter	224	235	220	317	325	297
HS 0406 Cheese and curd	334	353	269	289	309	320
HS 0403 Buttermilk, curdled milk and cream, yogurt, kephir and other fermented or acidified milk and cream	220	292	296	259	238	233

⁴ For the purposes of this section, the definition of agriculture product is that set out in Annex 1 of the Agreement on Agriculture, where fish and fish products are taken to include HS Headings 020840, 03, 051191, 1504, 1603, 1604, 1605, and 230120.

HS Code and product description	2014	2015	2016	2017	2018	2019
HS 0401 Milk and cream, not concentrated nor containing added sugar or other sweetening matter	222	212	344	184	167	210
HS 2009 Fruit juices and vegetable juices	437	450	384	346	346	326
HS 1905 Bread, pastry, cakes, biscuits and other bakers' wares	339	359	348	329	289	326
HS 0804 Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried	131	143	159	198	209	236
HS 1701 Cane or beet sugar and chemically pure sucrose, in solid form	195	154	200	180	153	165
HS 2202 Waters, including mineral waters and aerated waters	217	223	178	157	129	144
HS 1902 Pasta	125	111	102	109	129	164

a Including re-exports. Major items according to 2019 data.

Note: WTO definition of agriculture: HS Chapters 01-24 less fish and fishery products (HS Chapter 03, 0508, 0511.91, 1504.10, 1504.20, 1603-1605, and 2301.20), plus some selected products (HS 2905.43-2905.45, 3301, 3501-3505, 3809.10, 3823, 3824.60, 4101-4103, 4301, 5001-5003, 5101-5103, 5201-5203, and 5301-5302).

Source: WTO Secretariat calculations, based on UN Comtrade database.

4.6. Between 2014 and 2019, imports of agricultural products decreased from USD 23.8 billion to USD 19.7 billion, and across all major import items (with the exception of bread and pastry) (Table 4.4). The most important import product is rice (primarily from India), followed by poultry meat (mostly from Brazil), and barley for animal feed (mostly from Argentina, the European Union, the Russian Federation, and Ukraine, and declining significantly after 2017).⁵ According to official data, wheat imports declined during the review period from more than USD 1 billion in 2014 to around USD 123 million in 2019.

Table 4.4 Imports of agricultural products, 2014-19

(USD million)

HS Code and product description	2014	2015	2016	2017	2018	2019
Imports^a	23,760	23,873	22,001	21,354	19,447	19,661
<i>(% of total imports)</i>	<i>14.1%</i>	<i>13.7%</i>	<i>15.7%</i>	<i>15.9%</i>	<i>14.4%</i>	<i>13.6%</i>
HS 1006 Rice	1,769	1,555	1,012	1,063	1,315	1,415
HS 0207 Meat and edible offal, of the poultry	1,709	1,935	1,537	1,241	1,218	1,302
HS 1003 Barley	1,993	2,022	1,680	1,655	1,033	542
HS 2106 Food preparations n.e.s. or included	1,088	1,138	1,013	963	771	754
HS 0402 Milk and cream, concentrated or containing added sugar or other sweetening matter	1,137	849	778	767	713	760
HS 1005 Maize (corn)	681	610	692	748	641	715
HS 1905 Bread, pastry, cakes, biscuits and other bakers' wares	480	570	544	523	633	671
HS 0406 Cheese and curd	736	687	662	662	626	660
HS 1901 Malt extract; food preparations of flour, groats, meal, starch or malt extract	723	788	797	681	598	664

⁵ Regarding reports that the Saudi Grains Organization (SAGO) stopped buying Canadian wheat and barley in 2018, the authorities note that purchase decisions are taken at SAGO's discretion. They further indicate that the Kingdom is currently not a party to the WTO Agreement on Government Procurement.

HS Code and product description	2014	2015	2016	2017	2018	2019
HS 0104 Live sheep and goats	861	974	753	654	585	634
HS 1001 Wheat and meslin	1,024	725	545	618	223	123

a Major items according to 2019 data.

Note: WTO definition of agriculture: HS Chapters 01-24 less fish and fishery products (HS Chapter 03, 0508, 0511.91, 1504.10, 1504.20, 1603-1605, and 2301.20), plus some selected products (HS 2905.43-2905.45, 3301, 3501-3505, 3809.10, 3823, 3824.60, 4101-4103, 4301, 5001-5003, 5101-5103, 5201-5203, and 5301-5302).

Source: WTO Secretariat calculations, based on UN Comtrade database.

4.1.3 Policies

4.7. The Ministry of Agriculture was integrated into the new Ministry of Environment, Water and Agriculture in May 2016, and is now responsible for developing and implementing policies in these three closely related fields. The Agricultural Development Fund (ADF) provides interest-free loans that include a repayment subsidy for most loans that are repaid on time; and the Saudi Grains Organization (SAGO) (which replaced the Grain Silos and Flourmills Organization (GSFMO) in November 2015) purchases and stores wheat and barley (including strategic stockpiles for wheat), currently privatizes its mills, and acts as regulator for the wheat and barley sector.

4.8. Following major government investments in the 1970s, particularly in irrigation in a harsh desert climate, and a land distribution programme, Saudi Arabia increased agricultural production and was a major wheat exporter for several years around 1990. As awareness of unsustainable natural resource use (especially use of water from non-renewable aquifers) increased, agricultural policy started to shift in 2005 under Development Plans. Sustainable production became increasingly important at the expense of supporting domestic production, with policies encouraging Saudi agricultural investment abroad and imports starting to play a bigger role in food security considerations.

4.9. Agricultural policy priorities are linked to Vision 2030, which aims to reposition Saudi Arabia in the regional economy and to build a well-governed, thriving, and increasingly outward-oriented economy with inclusive economic opportunities and stronger private-sector participation. In this framework, making the use of natural resources (i.e. water) more sustainable remains a key objective of agricultural policy (see below). The policy framework also aims to increase agricultural productivity through technology, using best practices and better agricultural services. These objectives are complemented by the objective to strengthen sustainable rural development, in particular building capacity of small farmers, assisting with the selection of crops (and through AFD loans), and protecting plant and animal health. Thirteen Vision Realization Programs support Vision 2030 and set out key performance indicators. Among the Programs are the National Transformation Program (NTP)⁶ and the Sustainable Agricultural Rural Development Program under the NTP.

4.10. Water is provided to the agriculture sector at regulated prices and comes primarily from non-renewable groundwater sources; urban households are primarily supplied with desalinated water. While water and energy price reforms are part of the Fiscal Balance Program, challenges with the implementation of the first (minor) phase of water price increases in 2016 resulted in the water price reforms being put on hold until water metering and billing issues are resolved at a yet unknown time.⁷ The authorities indicate that these reforms might be reviewed as part of the broader ongoing revision of Vision 2030. Electricity tariffs are also regulated, with tariffs for agricultural users comparable to those of industrial users but lower than those for other groups (Section 4.2.2.4).

4.11. The overall 2020 budget allocated to the economic resources sector, which includes funding for the environmental, water, and agriculture sector, is SAR 98 billion. Of this amount,

⁶ Under the NTP, for example, more than 1600 hectares of terraces have been rehabilitated since 2018 and contribute to rationalized and more efficient water use in crops that are profitable for farmers.

⁷ It was stated in the context of the Fiscal Balance Program that "[e]nergy and water dominate government subsidies". *Fiscal Balance Program 2017*, p. 36. Viewed at: www.vision2030.gov.sa/en/programs/FBP. The authorities indicated that they consider that water is not provided at subsidized prices. For more information on energy price reforms, see also Section 4.2.2.5.

SAR 11.5 billion is allocated to the Ministry of Environment, Water and Agriculture, while financial allocations to SAGO in 2020 are about SAR 630 million. Over its 2018-25 horizon, the Sustainable Agricultural Rural Development Program has been approved with SAR 8.75 billion.

4.1.3.1 Trade policies

4.12. According to its notifications to the WTO Committee on Agriculture, Saudi Arabia did not provide export subsidies for agricultural products.⁸

4.13. Bound tariffs on agricultural goods vary from as low as 0% to as high as 40%, with some tobacco-related bound at least at 200%. Imports of some products are prohibited (any product containing alcohol, and pig meat products). Applied tariffs vary generally from duty free to 25%, with dates attracting 40% and mixed tariffs for tobacco products having an *ad valorem* part of 100% (Section 3.1.4.1). As part of the COVID-19 response, the authorities also increased tariffs on certain agricultural products, such as dairy products, juices, and vegetable and olive oils, in June 2020.⁹

4.1.3.2 Domestic policies

4.14. Access to renewable water remains the biggest constraint to agricultural production. Agriculture accounted for 82% of the nearly 26 billion m³ of water consumption in 2018. Of the water consumed by agriculture, most (also 82%) comes from non-renewable groundwater. While no disaggregated data for the sector are available, agriculture is primarily under irrigation with water from deep wells tapping non-renewable aquifers, as surface and renewable groundwater is limited. Vision 2030 aims to prioritize the use of water in agriculture to those areas with natural and renewable water sources, adjust the crop mix towards crops with lower water use, and rebalance the mix of imports and domestic production for food security. With these policies, the Government aims to reduce agriculture's consumption of non-renewable groundwater from 19 billion m³/year in 2016 to 6.5 billion m³/year in 2030. According to the authorities, demand for non-renewable groundwater in agriculture declined to 10.5 billion m³ in 2019.

4.15. In November 2018, in an effort to reduce water consumption, the Government started to implement a Green Fodder Ban policy that had been under development since 2015. The policy aims to reduce production of green fodder significantly and help reduce water consumption by 9 billion m³ as part of the Vision 2030 objectives. As a result, the production of green fodder started to decline from 2018, and the area under cultivation was between 16.7% and 43.1% lower in 2019 compared with 2017, depending on varying government estimates. Over the medium term, private firms are expected to produce up to 3.8 million tonnes of processed fodder per year, in addition to the 3.8 million tonnes of processed feed from publicly owned feed factories.

4.16. In November 2015, the GSFMO was restructured into SAGO, effectively becoming a regulator for the wheat and flour sector while also being the sole authorized importer of barley (until 2019) and subsidized milling wheat (see below), and the sole buyer for domestic wheat. In line with the privatization strategy for the sector approved in 2011, SAGO established four milling companies in 2017 and transferred assets and staff into them. The implementing regulations of the Flour Mills Law were issued by the Board of Directors in August 2019 (amended in June 2020). In July 2020, divestment of the first two milling companies was completed, accounting for about 50% of the total milling capacity of 4.55 million metric tonnes per year. Privatization of all companies is expected to be complete by 2021.¹⁰ Companies will directly buy wheat for milling from SAGO before selling flour at subsidized prices in the Kingdom (Table 3.11). Based on the final regulated price of wheat flour, SAGO determines prices for the sale of imported and domestic wheat to mills, considering "acceptable profit margins" of milling companies.¹¹

4.17. SAGO is the only authorized buyer for domestic wheat and the sole authorized importer of wheat, although private flour mills will be able to apply for import licences from SAGO in the future. Support for the production of domestic wheat ended in 2016, but to mitigate the impact of the green

⁸ WTO documents G/AG/N/SAU/10, G/AG/N/SAU/11, 15 April 2019; and G/AG/N/SAU/19, G/AG/N/SAU/20, 9 March 2020.

⁹ See WTO document, WT/TPR/OV/23, 30 November 2020.

¹⁰ Saudi Press Agency, *Ownership of Flour Milling Companies Transferred to National Center of Privatization*, 11 June 2020. Viewed at: www.spa.gov.sa/2097226.

¹¹ No information on recent actual prices paid was available.

fodder ban on small farmers, Saudi Arabia reintroduced purchases of domestic wheat production in 2018, offering farmers an alternative to green fodder production. Small farmers (holding less than 100 hectares) who want to grow wheat on not more than 50 hectares of their land need to obtain a licence from the Ministry of Environment, Water, and Agriculture. SAGO is directed to buy up to 700,000 metric tonnes of domestic wheat annually (increasing to 1.5 million tonnes from 2021)¹², and it purchased around 200,000 metric tonnes of domestic wheat in 2019 at SAR 1,250 per tonne. In 2019, SAGO imported 3.36 million metric tonnes of wheat (an increase from the 2.63 million metric tonnes it imported in 2013), using five international tenders. SAGO continues to operate most silos in the country, with a capacity of 2.6 million tonnes in addition to the four milling companies' capacity of 745,000 tonnes. SAGO does not publish data on strategic reserves held, but it maintains wheat stocks of no less than four months of domestic consumption, according to the authorities.

4.18. In January 2020, the Ministry of Environment, Water and Agriculture issued a new animal feed policy, replacing most subsidies to poultry farmers for imported feed (of corn and soybeans)¹³ with direct support to licensed (small) poultry farmers and per-head payments to small livestock farmers.¹⁴ Administered prices for barley feed were increased in early 2020, while import subsidies for hay remain in place.¹⁵ In 2016, SAGO became the sole importer of barley for feed, but since 2019, private firms have again been allowed to import barley, although they imported only small amounts in 2020. SAGO imported 5.2 million metric tonnes of feed barley in 2019 through international tenders, and then private-sector distributors sold it at administered prices to livestock producers.¹⁶

4.19. The ADF provides interest-free loans¹⁷, including repayment subsidies¹⁸: (i) to small farmers and medium-sized enterprises growing specialty products; (ii) to importers of products related to food security through the Agricultural Products Import Finance Program¹⁹; and (iii) for Saudi investments in priority crops abroad under the Agricultural Investment Abroad (AIA) Program. Loans cover investment costs to varying degrees, depending on the size of the investment and with projects using modern technologies or those implemented by joint-stock companies being eligible for a higher financing share.²⁰ As a result of the COVID-19 pandemic, additional funds were allocated to food-security-related import programmes, to support SMEs with working capital loans, and to reschedule existing loans to SMEs to alleviate liquidity issues. The number and value of ADF loans have declined since 2015, while overall subsidies increased and approved loans in 2019 increased sharply (Table 4.5).

Table 4.5 Agricultural Development Fund lending, 2006-19

(Number of loans, and SAR million)

	Medium-term loans approved		Short-term loans approved		Total loans approved		Total subsidies
	Number	Value	Number	Value	Number	Value	Value
2006	3,179	792	1,124	177	4,303	968	258.6
2007	3,159	975	611	69	3,770	1,044	32.9

¹² The ceiling for wheat purchases from qualified farmers was increased by Council of Ministers Decision No. 765 dated 30/11/1441H (21/07/2020).

¹³ WTO document G/AG/N/SAU/18, 27 February 2020.

¹⁴ "Ministry to Pay Poultry Subsidy to Beneficiaries Directly", *Saudi Gazette*, 31 December 2019. Viewed at: www.Saudigazette.com.sa/article/586030/SAUDI-ARABIA/Ministry-to-pay-poultry-subsidy-to-beneficiaries-directly.

¹⁵ According to the authorities, import subsidies for hay vary from SAR 121 per MT of barley straw to SAR 304 per MT of alfalfa hay. The latter increased from USD 59 per MT in 2017, according to the United States Department of Agriculture, Foreign Agricultural Service. Viewed at: www.fas.usda.gov.

¹⁶ According to the authorities, the administered maximum price is periodically adjusted to reflect global prices, transportation, and handling costs. The current administered maximum price for a 50 kg bag of barley feed stands at SAR 54, and actual market prices are very close to this maximum price.

¹⁷ Loans for projects exceeding SAR 1 million incur a loan application fee, as well as ongoing fees for monitoring and evaluation.

¹⁸ Repayment subsidies cover 25% of the value of eligible loans. With some exceptions, most loans are eligible for instalments that are paid back on a timely basis.

¹⁹ The Agricultural Products Import Finance Program consists of a combination of direct and indirect loans in cooperation with commercial banks to finance the imports of products related to food security. According to the authorities, the products targeted by the Program are fodder, alfalfa, rice, sugar, corn, soybeans, edible oil, firewood, and red meat.

²⁰ According to the authorities, this targets modern technologies to rationalize water, reduce energy use, and increase production efficiency.

	Medium-term loans approved		Short-term loans approved		Total loans approved		Total subsidies
	Number	Value	Number	Value	Number	Value	Value
2008	2,397	761	304	31	2,701	792	32.8
2009	2,236	844	124	12	2,360	856	41.8
2010	2,712	742	145	11	2,857	753	42.8
2011	3,025	899	266	17	3,291	916	55.7
2012	3,278	909	312	15	3,590	924	42.8
2013	4,193	1,034	331	15	4,524	1,048	41.4
2014	4,450	1,280	221	12	4,671	1,292	50.5
2015	2,714	1,336	191	20	2,905	1,356	56.1
2016	1,286	437	97	19	1,383	456	62.3
2017	589	615	68	2	657	618	62.6
2018	351	600	257	15	608	614	70.5
2019	399	1,636	1,886	115	2,285	1,751	65

Source: Information provided by the authorities.

4.20. The AIA Program was set up in June 2019 to support the goal of enhancing food security outlined under Vision 2030. It builds on King Abdullah's Initiative for Saudi Agricultural Investment Abroad and provides long-term loans to Saudi nationals investing abroad in priority crops²¹ with the objective of importing them into the Kingdom for enhanced food security. The Agricultural Information Center, founded in 2013 and described in the last Secretariat Report, is no longer operational.

4.1.3.3 WTO notifications

4.21. The most recent notification to the WTO on agriculture support is for calendar year 2017.²² Important changes to support programmes since 2018 are therefore not yet covered. The total notified support to agriculture in 2017 comprises the Amber Box including *de minimis* support (75%) and Green Box support (25%). It varied each year due to changes in programmes, although the annual variance became smaller compared with the last review period (Chart 4.1).

4.22. Notified Green Box support increased from SAR 860 million in 2012 to SAR 1.1 billion in 2015, before falling again to SAR 780 million in 2017, driven primarily by changes in expenditures for infrastructure services and to a lesser degree for pest and disease control (Chart 4.2).

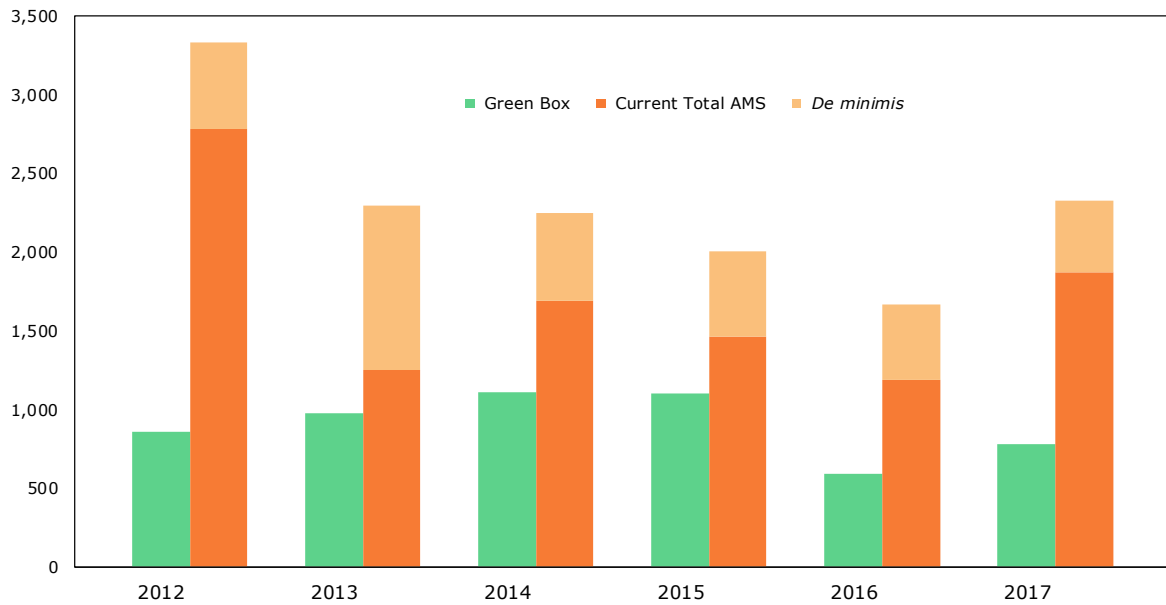
4.23. Saudi Arabia's Current Total AMS varied between SAR 1,185 million and SAR 2,782 million, well below its bound Total AMS commitment level of SAR 3,218 million. Support notified under the Amber Box (including *de minimis* support) fluctuated but has fallen overall since 2012. The notifications show that input subsidies for imported feed in the poultry sector increased (and support as a share of the value of production increased) between 2012 and 2017, before being replaced by a new scheme in 2020 (Section 4.1.3.2), while market price support for wheat ended in 2016. In 2017, the feed subsidies for poultry sectors accounted for all of the Current Total AMS (SAR 1,876 million), with the rest of the Amber Box support notified in terms of *de minimis* support for dates and non-product-specific AMS via the ADF (general agricultural subsidies, opportunity costs for interest-free loans, and bad debts). Saudi Arabia also notified applied administered prices for barley used as livestock feed. With the administered price being above the external reference price since 2013, the implicit input support is recorded as negative AMS (Charts 4.1 and 4.3).

²¹ These include green fodder, corn, edible oil, sugar, soya beans, and barley.

²² WTO documents G/AG/N/SAU/13, G/AG/N/SAU/14, G/AG/N/SAU/15, G/AG/N/SAU/16, G/AG/N/SAU/17, and G/AG/N/SAU/18, 27 February 2020.

Chart 4.1 Total domestic support for agriculture, 2012-17

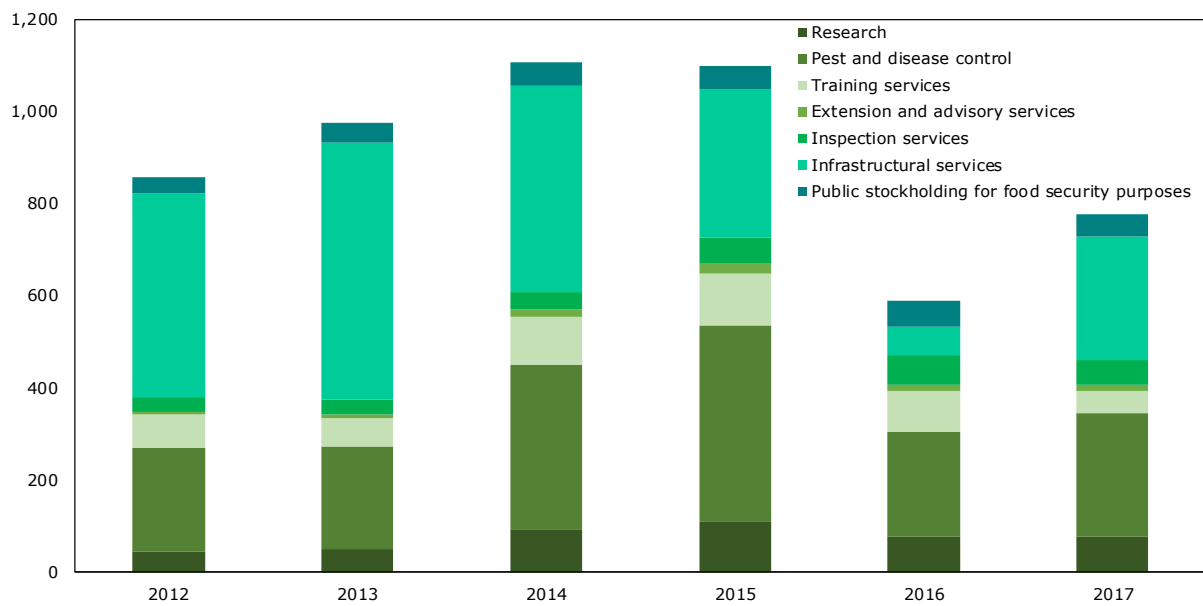
(SAR million)



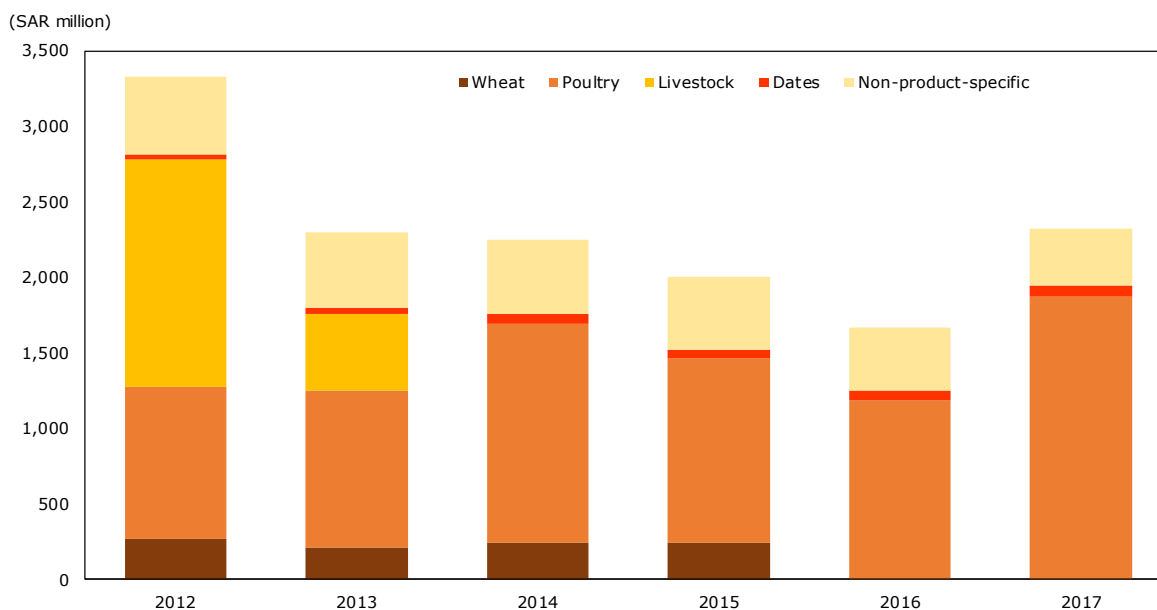
Source: WTO notifications.

Chart 4.2 Green Box support for agriculture, 2012-17

(SAR million)



Source: WTO notifications.

Chart 4.3 Composition of Amber Box support, 2012-17

Source: WTO notifications.

4.2 Mining and Energy

4.2.1 Mining²³

4.24. The total value of mineral resources in Saudi Arabia is estimated at around SAR 5 trillion. The country has over 48 minerals and metal resources, of which at least 15 are considered commercially viable. Table 4.6 shows the evolution of the production of key minerals during 2015-19. Table 4.7 provides data on the volume of mineral ores extracted during the same period.

Table 4.6 Production of minerals, 2015-19

	2015	2016	2017	2018	2019
Gold (kg)	5,089	6,946	10,333	11,765	12,353
Silver (kg)	4,500	4,710	5,069	5,322	5,588
Copper (tonnes)	46,253	110,000	67,097	60,340	63,357
Zinc (tonnes)	39,008	41,610	21,787	18,000	18,900

Source: Saudi Arabia Monetary Authority (SAMA) (2020), *56th Annual Report, 1441H-2020*, Riyadh.

Table 4.7 Mineral ores extracted, 2015-19

(1,000 tonnes)

Types of exploited ores	2015	2016	2017	2018	2019 ^a
Limestone	60,000	63,300	66,150	69,457	72,930
Mud	8,800	9,240	9,702	10,187	10,696
Salt	2,000	2,400	2,520	2,646	2,778
Silica sand	1,230	1,300	1,365	1,433	1,505
Crushers materials (pebbles)	330,000	347,000	364,000	382,200	401,310
Sand	31,800	22,155	23,000	24,000	25,000
Iron sands	672	706	741	778	817
Gypsum	2,780	3,000	3,150	3,307	3,472
Marble for industrial purposes	2,700	2,800	2,940	2,947	3,094
Marble masses	13	12	13	13	14
Granite masses	1,100	1,053	1,105	1,160	1,218
Limestone masses	1,320	104	109	114	120

²³ Not including hydrocarbons.

Types of exploited ores	2015	2016	2017	2018	2019 ^a
Kaolin	187	196	206	216	227
Barite	43	41	..	..	..
Feldspar	179	188	197	206	216
Basalt	..	30	32	33	35
Bozlan	480	504	529	555	583
Dolomite	203	2,131	2,237	2,348	2,465
Schist	576	604	634	665	600
Pyrophyllite	40	42	44	46	48
Low-percentage bauxite	922	968	1,016	438	297
Bauxite	2,100	3,800	3,990	4,623	4,830
Diammonium Phosphate	5,100	5,400	5,670	5,444	5,716

.. Not available.

a Estimated.

Source: SAMA, *Annual Statistics 2019*. Viewed at: <http://www.sama.gov.sa/en-US/EconomicReports/Pages/YearlyStatistics.aspx>.

4.25. The mining and metals processing industry contributes about USD 17 billion to GDP per year; mining accounts for 15% and midstream and downstream processing accounts for 85%.²⁴ The sector employs about 250,000 people.

4.26. The Government considers that the mining sector offers considerable scope for import substitution, as Saudi Arabia is a large importer of mineral products. Tables 4.8 and 4.9 provide data on the volumes of imports and exports of minerals between 2015 and 2019.

Table 4.8 Major imports of minerals, 2015-19

(tonnes)

Minerals	2015	2016	2017	2018	2019 ^a
Barium	912,202	1,232,370	707,725	907,023	632,854
Bentonite	189,730	190,179	124,250	123,712	146,718
Coal	70,417	106,411	118,328	95,852	115,931
Feldspar	71,349	81,812	17,868	17,977	10,561
Gypsum	11,487	12,675	13,206	8,667	8,580
Kaolin	152,735	89,649	106,475	117,849	101,015
Manganese	101,968	123,862	226,052	171,256	188,858
Titanium	160,527	126,343	138,642	147,578	135,406
Clay	209,372	203,529	156,534	168,233	168,326
Marble	13,240	3,851	6,450	10,504	105,515
Iron ore	7,471,375	6,596,022	6,684,565	6,848,942	6,328,481
Cement	643,283	513,102	409,332	331,837	246,860
Chalk	392	389	343	132,607	143,844
Pumice stone	60,000	88,813	102,748	97,275	80,510
Salts	13,993	15,522	22,887	42,327	58,591

a Estimated.

Source: Information provided by the authorities.

Table 4.9 Major exports of minerals, 2015-19

(tonnes)

Minerals	2015	2016	2017	2018	2019 ^a
Clay	1,579	3,055	1,430	2,329	4,048
Copper	53,395	80,032	107,905	278,459	266,030
Feldspar	58,150	61,445	38,565	18,590	13,955
Gypsum	156,781	160,292	124,379	104,349	92,783

²⁴ Invest Saudi, *Mining and Metals*. Viewed at: <https://investsaudi.sa/en/sectors-opportunities/mining-metals/>.

Minerals	2015	2016	2017	2018	2019 ^a
Limestone	15,492	31,829	77,326	153,950	182,457
Silica sand	905,997	917,941	884,677	937,313	886,707
Zinc	37,561	23,973	13,718	51,231	38,494
Cement	578,700	660,811	184,118	3,683,841	6,570,513
Perlite	16,399	15,421	21,757	21,777	18,942
Salts	177,327	200,611	184,743	175,835	192,382
Chalk	48,575	65,652	84,490	89,968	123,158
Magnesite	31,990	21,438	53,537	61,625	41,827
Dolomite	..	..	..	..	17,395

.. Not available.

a Estimated.

Source: Information provided by the authorities.

4.27. The Saudi Arabian Mining Company (Ma'aden) is the largest extractor of non-hydrocarbon minerals in Saudi Arabia. In the context of its WTO accession, Saudi Arabia indicated that Ma'aden has no monopoly on mineral rights or on export of mineral products.²⁵ Currently, more than 1,700 companies with a mining licence operate in the sector. Ma'aden is 67% owned by the Public Investment Fund. It mainly produces phosphates, aluminium, and gold.²⁶ Ma'aden grew rapidly in recent years, as reflected in a more diverse product portfolio and substantial increases in its contribution to GDP, production and sales, and profit and earnings.²⁷ Ma'aden has several joint ventures with foreign partners, including Barrick (copper), Mosaic (phosphate), and Alcoa (aluminium). Under Saudi Arabia's mining and investment legislation, foreign companies can have 100% ownership of mining upstream and downstream operations. The review period witnessed the inauguration of two industrial cities developed by the Government: Ras Al-Khair Industrial City in the Eastern Province (2016) and Wa'ad Al Shamal Industrial City in the Northern Borders Region (2018).

4.28. The Vision 2030 strategy provides that one of the means to achieve the strategic objective of growing and diversifying the economy is to unlock the potential of non-oil sectors, including by growing and capturing maximum value from the mining sector.²⁸ The objective is "a mining sector contributing to the national economy at full potential". While the Kingdom has rich mineral resources and improvements were made in the mining sector to cater to the needs of industries, the sector's contribution to GDP has yet to meet expectations. In this respect, Vision 2030 announces several structural reforms, including stimulating private sector investments by intensifying exploration, building a comprehensive database of the Kingdom's mineral resources, reviewing the licensing procedures for extraction, investing in infrastructure, developing funding methods, and establishing centres of excellence. It also mentions the need to form strategic international partnerships and raise the competitiveness and productivity of Saudi companies in order to boost their contribution to the sector's growth and to the localization of knowledge and experience.²⁹

4.29. In 2017, the Council of Ministers approved the Comprehensive Mining and Mining Industries Strategy, which aims to address several challenges confronting the sector. These include: (i) the below global average amount of spending on exploration; (ii) the lengthy process to obtain exploration and mining licences; (iii) the limited social impact of the mineral value chains; (iv) inadequate compliance with environmental protection standards; (v) the small role of the mining sector as a source of revenue compared with the oil and gas sectors; and (vi) strong competition from imports of low-quality, mineral-based products. At the same time, as discussed in the National Industrial Development and Logistics Program (NIDLP), the Government considers that Saudi Arabia

²⁵ WTO document WT/ACC/SAU/61, 1 November 2005, p. 21.

²⁶ In 2018, the revenue contributions of its three main business segments were: phosphate fertilizer, ammonia, and industrial minerals: 46%; aluminium: 40%; and gold and base metals: 14%. Ma'aden, *Ma'aden Annual Report 2018*, p. 5. Viewed at: <https://www.maaden.com.sa/download/2018-Annual-Report-En.pdf>.

²⁷ Ma'aden, *Ma'aden Annual Report 2018*, pp. 10-13. Viewed at: <https://www.maaden.com.sa/download/2018-Annual-Report-En.pdf>.

²⁸ Kingdom of Saudi Arabia, *KSA Vision 2030: Strategic Objectives and Vision Realization Programs*, p. 22. Viewed at: <https://vision2030.gov.sa/sites/default/files/report/Vision%20Realization%20Programs%20Overview.pdf>.

²⁹ Kingdom of Saudi Arabia, *Vision 2030*, p. 49. Viewed at: <https://vision2030.gov.sa/en/node/135>.

has three main sources of competitive advantage to develop mineral value chains: a large and growing domestic demand; a rich mineral endowment; and competitive energy costs.³⁰

4.30. The Government set a number of quantitative objectives to be attained by 2030: (i) to make the mining sector the third major pillar of Saudi industry, alongside oil and petrochemicals, by more than tripling its contribution to GDP; (ii) to reduce imports by about SAR 37 billion; (iii) to create more than 200,000 direct and indirect jobs in the mining sector; and (iv) to nearly double the contribution of the sector to government revenue.³¹ So far, the Government has achieved progress in three key initiatives focusing on enhancing the sector investment environment to attract foreign and local investors: (i) launching the geological survey program, an ambitious and wide-ranging exploration program that will continue over the next five years, to provide detailed information on the mineral landscape; (ii) a comprehensive revision of the Saudi regulatory environment, including the issuance of the new Mining Investment Law; and (iii) launching Tad'adin, a new web-based platform that will soon be the single point of access for information seekers and mining licence applicants.

4.31. During most of the review period, the agency responsible for the regulation of the non-hydrocarbon mineral extraction sector was the Ministry of Energy, Industry and Mineral Resources. Since January 2020, the mining sector has been supervised by the Ministry of Industry and Mineral Resources, which was created in 2019 (Section 2). The Ministry's mission is the sustainable industrial development and optimal utilization of mineral resources; its vision is to increase the sector's contribution to GDP to become the third pillar of Saudi industries. Among the Ministry's tasks are encouraging mining investments, providing services and consultations, and issuing mining licences and concessions.

4.32. The Mining Investment Law, 2004³², provides that all natural mineral deposits – including quarry raw materials of all types, in whatever form or composition, whether in the soil or subsoil – shall be considered to be the exclusive property of the State, and that title to the minerals shall transfer from the State to the licensee upon extraction of such minerals from the licence area within the duration of the licence.³³ Subject to certain exceptions, a licence is required for a natural or corporate person to have the right to undertake reconnaissance, exploration, exploitation, or collection of materials. The Mining Investment Law distinguishes between reconnaissance licences, exploration licences, material collection licences, and exploitation licences. Within the category of exploitation licences, a further division exists between mining licences, raw material quarry licences, small mine licences, and building materials quarry licences.³⁴ The mining sector is open to private investors, without discrimination between domestic and foreign firms.³⁵ Thus, in contrast to the hydrocarbons sector, no restriction exists on foreign participation in mining. Licences are granted on a first-come, first-served basis, subject to technical and financial evaluation.³⁶

4.33. Table 4.10 provides data on the number of valid mining licences at the end of each year between 2015 and 2019.

³⁰ The mining sector is one of the four key sectors (industry, logistics, mining, and energy) in the NIDLP. Kingdom of Saudi Arabia, NIDLP, Delivery Plan, 2018-2020, pp. 222-249. Viewed at: <https://vision2030.gov.sa/sites/default/files/attachments/NIDLP%20Delivery%20Plan%20-%20English%20Jan%202019.pdf>. The NIDLP is currently being reviewed.

³¹ See, for example, Rahman, F., "Saudi Arabia Approves New Mining Law to Boost Investments", The National, 10 June 2020. Viewed at: <https://www.thenational.ae/business/saudi-arabia-approves-new-mining-law-to-boost-investments-1.1031651>. "New Mining Investment Law Set to Generate over 200,000 jobs", Saudi Gazette, 10 June 2020. Viewed at: <https://saudigazette.com.sa/article/594064/SAUDI-ARABIA/New-Mining-Investment-Law-set-to-generate-over-200000-jobs>. Alaqili, S., "Mining Vast Potential", Mining Beacon, 27 October 2019. Viewed at: <https://www.miningbeacon.com/posts/55330-mining-vast-potential>.

³² Royal Decree No. M/140 of 20/08/1425H (4 October 2004). The Mining Investment Law does not apply to petroleum, natural gas and derivatives thereof, and to pearls, corals, and similar organic marine substances.

³³ Mining Investment Law, 2004, Article 2.

³⁴ Mining Investment Law, 2004, Articles 5 and 6

³⁵ Mining Investment Law, 2004, Articles 5 and 11.

³⁶ The Mining Investment Law, 2004, also provides that all imported equipment and spare parts necessary for the execution of any licensed project under this Law shall be exempt from customs duties. Mining Investment Law, Article 53.

Table 4.10 Number of valid mining licences at the end of the year, 2015-19

	2015	2016	2017	2018	2019
Exploration licences	517	546	542	545	536
Licences for small-sized mines	72	70	70	69	68
Licences of mining and raw material quarries for various metal ores	87	94	94	94	92
Licences of construction material quarries	1,355	1,211	1,288	1,342	1,399
Total	2,031	1,921	1,994	2,050	2,095

Source: SAMA, Annual Reports 1437H-2016, 1438H-2017, 1439H-2018, 1440H-2019, and 1441H-2020.

4.34. A new Mining Investment Law³⁷ was approved by the Saudi Cabinet, published in the *Official Gazette* on 3 July 2020, and entered into force on 28 December 2020. The new law is designed, *inter alia*, to encourage investment, including by small firms, through changes to the licensing regulations and procedures. The key changes made by the new law are: (i) an increase in the maximum duration of exploration licences to 15 years; (ii) the introduction of online application submissions and automated processing procedures; (iii) streamlined reporting requirements according to known international standards; (iv) modified clauses to enhance investor protection; (v) mandatory rehabilitation and mining closure guarantees; and (vi) a streamlined approval process for exploration and mining licences.

4.35. The Ministry of Industry and Mineral Resources issued seven decisions relating to the allocation process for mining reserve sites, including 54 sites covering an area of approximately 4,000 square kilometres. The decisions are part of the goal to develop the mining sector. The sites, which contain a variety of ores, including gold, copper, silver, zinc, lead, iron, quartz, and tin, are in the regions of Asir, Hail, Makkah, Madinah, Najran, and Riyadh. The identification of these mining sites comes as the Ministry aims to offer an attractive environment for local and international businesses to invest in the sector, and provide the data needed to attract the interest of the private sector. The Saudi Geological Survey plans to carry out a thorough study of the mining reserves in these sites, the results of which will be used to promote investment opportunities soon after the geological data have obtained.

4.36. The Industrial Development Fund was amended in 2019 to provide for the possibility of financing projects in the energy and mining sectors.

4.2.2 Energy

4.2.2.1 General

4.37. In order to grow and diversify the economy, which is one of the strategic objectives of Vision 2030 (Section 2), Saudi Arabia aims to maximize the value captured from the energy sector through: (i) increased localization of the oil and gas sector³⁸; (ii) increased gas production and distribution capacity; (iii) development of oil- and gas-adjacent industries; (iv) increased contribution of renewables to the national energy mix; and (v) enhancement of the competitiveness of the energy market.³⁹ Specific plans to achieve this objective of maximizing the value from the energy sector were defined in the NIDL, one of the Vision Realization Programs adopted in 2017 to implement Vision 2030. Energy is one of four key sectors addressed by the NIDL.⁴⁰

4.38. In 2016, the Ministry responsible for developing and implementing policies in the energy and mining sectors (the Ministry of Petroleum and Mineral Resources) was renamed as the Ministry of

³⁷ See Royal Decree No. M/140 of 19/10/1441H, 11 June 2020.

³⁸ The Vision 2030 document indicates that the goal is "to increase the localization of oil and gas sectors from 40 to 75%". Kingdom of Saudi Arabia, *Vision 2030*, p. 47. Viewed at: <https://vision2030.gov.sa/en/node/135>. Vision 2030 is currently being reviewed.

³⁹ Kingdom of Saudi Arabia, *KSA Vision 2030: Strategic Objectives and Vision Realization Programs*, p. 21.

⁴⁰ The NIDL aims to maintain Saudi Arabia's leading position as a producer of hydrocarbon materials by enhancing the productivity and competitiveness of the local energy sector and focusing on both the supply and demand sides. It also aims to: (i) increase the contribution of renewable energy to the energy mix; (ii) enhance the competitiveness of the energy sector; (iii) create jobs and work opportunities in renewable energy by increasing local content and training and qualifying the workforce; (iv) boost gas production and distribution capacity to match growth in demand; and (v) reduce emissions from burning fuel. Kingdom of Saudi Arabia, *NIDL, Delivery Plan, 2018-2020*, p. 202. Viewed at: <https://vision2030.gov.sa/en/programs/NIDL>. The NIDL is currently under review.

Energy, Industry and Mineral Resources. Its mandate was to oversee the oil, gas and petrochemicals, electricity, and industrial⁴¹ sectors of the economy. In 2019, this Ministry was divided into a Ministry of Energy and a Ministry of Industry and Mineral Resources (Section 2). The Ministry of Energy's mission is to discover and exploit the Kingdom's resources of oil and gas and achieve the highest returns from them; its vision is the sustainable development of the integrated oil and gas industry in all its stages to achieve the highest added value to the national economy. The Ministry of Energy has general regulatory authority over the hydrocarbons and electricity sectors. It also regulates investments that fall under the jurisdiction of the Hydrocarbons Law.

4.2.2.2 Oil and petroleum products

4.39. Saudi Arabia's economic growth, fiscal revenues, and export revenues depend very heavily on oil (Section 1). Significant policy challenges⁴² are posed by expected longer-term changes in the world oil market⁴³ and the volatility of oil markets in the period since the last Review⁴⁴, especially in the context of the largest contraction in oil demand in history that occurred in 2020 caused by the COVID-19 pandemic.⁴⁵

4.40. Oil exploration, drilling, and production are included on Saudi Arabia's negative list of activities closed to foreign investment (Section 2). Saudi Arabia undertook market access and national treatment commitments under the GATS with respect to services incidental to mining and services incidental to energy distribution.⁴⁶

4.41. Saudi Arabia holds the world's second-largest amount of proven crude oil reserves and 17% of the world's total proven reserves of crude oil. Its proven oil reserves stood at 267.0 billion barrels in 2019.⁴⁷

4.42. The Saudi Arabian Oil Company (Saudi Aramco), the sole concessionaire producing crude oil in Saudi Arabia, is a publicly listed company on the Saudi Stock Exchange (Tadawul) with majority shareholding by the Government. The authorities note that Saudi Aramco operates on a commercial basis with complete autonomy regarding operational decisions, in compliance with the production policies established by the Government. The Government sets the oil production levels within its territory.

4.43. During the review period, several changes occurred with respect to Saudi Aramco's governance and legal status. First, in 2015, a new Supreme Council for Saudi Aramco was established, and its Board of Directors restructured.⁴⁸ Second, in 2018, Saudi Aramco became a

⁴¹ Responsibility for the industrial sector previously was vested in the Ministry of Commerce and Investment.

⁴² See, for example, The Oxford Institute for Energy Studies, *Diversification Strategy Under Deep Uncertainty for MENA Oil Exporting Countries*, May 2020. Viewed at: <https://www.oxfordenergy.org/publications/diversification-strategy-under-deep-uncertainty-for-mena-oil-exporting-countries/>. Arab Petroleum Investments Corporation (APICORP), *MENA Energy Investment Outlook 2020-2024*, 2020. Viewed at: https://www.apicorp.org/wp-content/uploads/2020/06/MENA-Energy-Investment-Outlook-2020-2024_FINAL_Final.pdf.

⁴³ An IMF study reports that recent econometric analysis reveals a strong and sustained declining trend in the global demand for oil. IMF, *The Future of Oil and Fiscal Sustainability in the GCC Region*, 2020. Viewed at: <https://www.imf.org/en/Publications/Departmental-Papers-Policy-Papers/Issues/2020/01/31/The-Future-of-Oil-and-Fiscal-Sustainability-in-the-GCC-Region-48934>.

⁴⁴ The global oil price fell dramatically in 2014-16, recovered subsequently, but remained below its pre-2014 level, and fell to below USD 25, a historic low, in the first half of 2020 (Section 1). Export revenue from oil fell by 21.9% in the first quarter of 2020. Economist Intelligence Unit, *Saudi Arabia: First Quarter Export Revenue Slumps*, 11 June 2020. Viewed at: [http://country.eiu.com/\(F\(nSAQMtZHQzmLa0FH_byAQpiMQELPJCVBQjIbn_O4-3QSA4vUEAAce59YXLEEW01BP_16Sha_p04wwwv790hJ5JMy_zy5_h8V2YjctYQfrc-1.1\)\)/article.aspx?articleid=679699851&Country=Saudi+Arabia&topic=Economy&subtopic=Forecast&subsubtopic=External+sector](http://country.eiu.com/(F(nSAQMtZHQzmLa0FH_byAQpiMQELPJCVBQjIbn_O4-3QSA4vUEAAce59YXLEEW01BP_16Sha_p04wwwv790hJ5JMy_zy5_h8V2YjctYQfrc-1.1))/article.aspx?articleid=679699851&Country=Saudi+Arabia&topic=Economy&subtopic=Forecast&subsubtopic=External+sector).

⁴⁵ Global oil demand fell by 16.4 mb/d year-on-year in the second quarter of 2020. International Energy Agency, *Oil Market Report: Highlights*, July 2020. Viewed at: <https://www.iea.org/reports/oil-market-report-july-2020>.

⁴⁶ WTO document GATS/SC/141, 29 March 2006, p. 13.

⁴⁷ Information provided by the authorities.

⁴⁸ The Board of Directors is composed of high-ranking government officials and former senior executives from the international gas, chemical, petroleum refining, petrochemical, and finance industries. Saudi Aramco,

joint-stock company.⁴⁹ Third, in 2019, Saudi Aramco issued USD 12.0 billion of senior unsecured notes listed on the London Stock Exchange and became a public company, with shares listed on the Tadawul. The Initial Public Offering completed in December 2019 resulted in the sale of USD 3.45 billion ordinary shares or 1.73% of Saudi Aramco's share capital.

4.44. Saudi Aramco's up-midstream activities consist of exploring, developing, and producing crude oil, condensate, natural gas, and natural gas liquids. Its downstream activities focus on refining and petrochemical manufacturing, supply and trading, distribution, and power generation.⁵⁰ Saudi Aramco's vision is to be the world's preeminent integrated energy and chemicals company. Its business strategy aims to: (i) maintain its position as the world's leading crude oil producer by production volumes and its position as one of the world's most reliable crude oil suppliers; (ii) capture value from further strategic integration and diversification of its operations; (iii) expand gas activities domestically and internationally; (iv) expand global recognition of Saudi Aramco's brands; (v) efficiently allocate capital and maintain a prudent and flexible balance sheet; (vi) operate sustainably by leveraging technology and innovation; and (vii) deliver sustainable and growing dividends through crude oil price cycles.⁵¹ Vision 2030 aims to "transform Aramco from an oil producing company into a global industrial conglomerate".⁵²

4.45. Saudi Aramco's downstream segment consumes 37% of its crude oil production.⁵³ Saudi Aramco's domestic and international refinery capacity significantly expanded in recent years. In 2019, it had a net refining capacity of 3.6 mb/d⁵⁴, as compared with 2.9 mb/d in 2014.⁵⁵ Saudi Aramco also expanded its petrochemicals business.⁵⁶ Important developments during the review period in this regard were the completion, in 2017, of the Sadara complex in Jubail (a joint venture between Saudi Aramco and Dow Chemical Company of the United States) and the acquisition, in 2019-20, of a 70% stake in Saudi Basic Industries Corporation. As a result of this acquisition, Saudi Aramco is expected to become one of the world's largest petrochemical producers.⁵⁷

4.46. Saudi Arabia was the world's third-largest crude oil producer in 2018, and the world's second-largest crude oil producer in 2019. Crude oil production decreased from 3,765.1 million barrels in 2018 to 3,580.0 million barrels in 2019, which was slightly lower than the volume of crude oil production in 2015 (Table 4.11).

Table 4.11 Production of crude oil, refined products, and natural gas, 2015-19

(Million barrels)

	2015	2016	2017	2018	2019
Crude oil	3,720.3	3,828.4	3,635.3	3,765.1	3,580.0
Refined products	905.4	1,034.3	1,048.9	1,028.3	924.9

Annual Report 2019, pp. 108-111. Viewed at: <https://www.saudiaramco.com/-/media/publications/corporate-reports/saudi-aramco-ara-2019-english.pdf?la=en&hash=FDBFE7887B74E816C493F09DA188F1151839A4CD>.

⁴⁹ Council of Ministers Resolution No. 180 of 1/4/1439H, 19 December 2017.

⁵⁰ Saudi Aramco, *Annual Report 2019*, pp. 30-33. Viewed at: <https://www.aramco.com/-/media/publications/corporate-reports/saudi-aramco-ara-2019-english.pdf?la=en&hash=FDBFE7887B74E816C493F09DA188F1151839A4CD>.

⁵¹ Saudi Aramco, *Annual Report 2019*, p. 29. Viewed at: <https://www.aramco.com/-/media/publications/corporate-reports/saudi-aramco-ara-2019-english.pdf?la=en&hash=FDBFE7887B74E816C493F09DA188F1151839A4CD>.

⁵² Kingdom of Saudi Arabia, *Vision 2030*, p. 7. Viewed at: <https://vision2030.gov.sa/en/node/135>.

⁵³ Saudi Aramco, *Annual Report 2019*, p. 56. Viewed at: <https://www.aramco.com/-/media/publications/corporate-reports/saudi-aramco-ara-2019-english.pdf?la=en&hash=FDBFE7887B74E816C493F09DA188F1151839A4CD>.

⁵⁴ Saudi Aramco, *Annual Report 2019*, p. 55. Viewed at: <https://www.aramco.com/-/media/publications/corporate-reports/saudi-aramco-ara-2019-english.pdf?la=en&hash=FDBFE7887B74E816C493F09DA188F1151839A4CD>.

⁵⁵ WTO (2016), *Trade Policy Review of the Kingdom of Saudi Arabia*, Geneva, para. 4.44. The company owns four domestic refineries and participates in four refineries in the Kingdom that are joint ventures with international partners. The international refinery operations take place with partners in China, India, Indonesia, the Republic of Korea, Malaysia, and the United States.

⁵⁶ Saudi Aramco conducts this business through affiliates in the Kingdom, China, Japan, the Republic of Korea, and the Netherlands.

⁵⁷ Saudi Aramco, *Second Quarter Interim Report for the Three Months and Half Year Ended 30 June 2020*, p. 3. Viewed at: <https://www.aramco.com/-/media/publications/corporate-reports/saudi-aramco-q2-2020-interim-report-english.pdf?la=en&hash=685B19F49DB6067247E33B425043D18FA6A77004>.

	2015	2016	2017	2018	2019
Fuel oil	163.2	168.3	170.1	166.2	154.5
Diesel	351.5	384.6	393.9	391.5	385.8
Gasoline	179.9	202.4	203.6	199.1	193.6
Naphtha	68.8	75.8	74.3	60.1	50.9
LPG	16.8	15.6	15.6	17.1	14.7
Kerosene, aviation fuels	77.0	89.5	90.5	95.8	84.7
Asphalt & others	21.6	18.2	16.8	14.1	14.3
Coke	26.8	79.9	84.1	84.5	26.5
Saudi Aramco production of natural gas liquids	474.4	497.5	488.0	495.0	481.0

Source: SAMA, *Annual Statistics 2019*. Viewed at: <http://www.sama.gov.sa/en-US/EconomicReports/Pages/YearlyStatistics.aspx>.

4.47. Daily crude oil production during most of the period 2015-19 was around 10 mb/d (Table 4.12). It declined slightly in 2018-19 from 10.3 mb/d to 9.8 mb/d.⁵⁸ Average crude oil production was 9.8 mb/d in the first quarter of 2020 and 9.3 mb/d in the second quarter. However, there were very sharp fluctuations in crude oil production during this period; from 9.73 mb/d in March, production increased to 11.6 mb/d in April, declined to 8.5 mb/d in May and 7.5 mb/d in June, and increased again in July 2020, to 8.4 mb/d.⁵⁹ The decline from April to May occurred as a consequence of production adjustments agreed between OPEC and non-OPEC producers in an attempt to rebalance the global oil market following the collapse of demand caused by the COVID-19 pandemic.⁶⁰ Year-to-date crude oil production in 2020 is 9.3 mb/d.⁶¹

Table 4.12 Daily crude oil production, 2015-19

(Million barrels)

	2015	2016	2017	2018	2019
Daily production	10.20	10.46	9.96	10.32	9.81

Source: Information provided by the authorities.

4.48. Output of refined products increased between 2015 and 2017 but declined by more than 10% from 2017 to 2019 (Table 4.11).

4.49. While domestic consumption of crude oil is very high compared with the global average⁶², it declined significantly during the review period, from 209.4 million barrels in 2015 to 155.2 million barrels in 2019 (Table 4.13).

Table 4.13 Domestic consumption of refined products, crude oil, and natural gas, 2015-19

(Million barrels)

Product	2015	2016	2017	2018	2019
Public consumption					
Liquefied petroleum gas	12.6	13.4	12.9	13.2	12.6
Premium gasoline	204.0	203.4	208.0	194.5	194.1
Jet fuel and kerosene	31.4	32.1	36.1	37.9	36.7
Diesel	276.1	248.5	207.9	182.8	187.9

⁵⁸ Between May and November 2018, Saudi Arabia's production of crude oil rose by 1 mb/d to a record 11.1 mb, but it declined to 9.8 mb/d in April 2019. IMF (2019), *Saudi Arabia: 2019 Article IV Consultation-Press Release and Staff Report*, IMF Country Report No. 19/290, p. 4. Viewed at: <https://www.imf.org/en/Publications/CR/Issues/2019/09/09/Saudi-Arabia-2019-Article-IV-Consultation-Press-Release-and-Staff-Report-48659>.

⁵⁹ OPEC, *Monthly Oil Market Report-March 2020*, p.53; *Monthly Oil Market Report-May 2020*, p. 46; *Monthly Oil Market Report-August 2020*, p. 50.

⁶⁰ Saudi Arabia also implemented voluntary restrictions that went beyond these agreed production cuts.

⁶¹ Information provided by the authorities.

⁶² See, for example, Krane, J., *Energy Governance in Saudi Arabia: An Assessment of the Kingdom's Resources, Policies, and Climate Approach*, Center for Energy Studies, Rice University's Baker Institute for Public Policy, January 2019, pp. 14-15. Viewed at: <https://www.bakerinstitute.org/media/files/research-document/09666564/ces-pub-saudienergy-011819.pdf>. A major factor explaining high consumption of crude oil is Saudi Arabia's heavy reliance on crude oil for power-generation purposes.

Product	2015	2016	2017	2018	2019
Fuel oil	140.4	166.1	180.3	174.0	168.6
Crude oil	209.4	182.4	167.4	149.7	155.2
Asphalt	29.1	19.1	20.4	20.7	20.7
Lubricating oil	1.7	1.5	1.3	1.5	27.6
Natural gas	506.1	557.4	573.8	581.4	579.7
Naphtha	..	1.8	11.2	8.9	0.8
Reformate	..	..	10.5	10.2	6.2
Sub-total	1,410.7	1,425.7	1,429.7	1,374.7	1,389.9
Oil industry consumption					
Liquefied petroleum gas	3.5	4.6	4.4	3.9	4.1
Fuel oil	5.2	6.1	6.6	7.0	8.4
Diesel	8.0	8.0	7.7	7.7	4.7
Fuel gas	31.8	34.3	34.4	34.0	29.6
Crude oil	0.0	0.0	0.0	0.0	0.0
Natural gas	121.3	106.0	121.5	127.3	128.5
Others	5.6	5.5	5.6	7.7	0.9
Sub-total	175.5	164.6	180.2	187.6	176.2
Grand total	1,586.2	1,590.3	1,609.9	1,562.3	1,566.1

.. Not available.

Source: SAMA, *Annual Statistics 2019*. Viewed at: <http://www.sama.gov.sa/en-US/EconomicReports/Pages/YearlyStatistics.aspx>.

4.50. Saudi Arabia is the world's largest exporter of crude oil.⁶³ The volume of exports of crude oil products was slightly less in 2017-19 than in 2012-14 (Table 4.14).⁶⁴ Asia and Far East remains the largest market for crude oil; the share of Asia and Far East in exports of crude oil from Saudi Arabia was 73.4% in 2019, compared with 62% in 2014.⁶⁵ In 2020, exports of crude oil fell more than 40% from 10.2 mb/d in April to 6.0 mb/d in June, a 10-year low.⁶⁶

4.51. The volume of exports of refined products was considerably higher in 2017-19 than in 2012-14 (Table 4.14).⁶⁷ Western Europe is now the largest market for refined products, accounting for 31% of exports of refined products in 2019, compared with 11% in 2014.⁶⁸ The share of Asia and Far East in exports of refined products in 2019 (26.5%) was significantly smaller than in 2014 (56%).

Table 4.14 Exports of crude and refined products, by region, 2017-19

(Million barrels)

Destination	2017		2018		2019		% share in 2019	
	Crude oil	Refined products	Crude oil	Refined products	Crude oil	Refined products	Crude oil	Refined products
North America	366.3	2.7	372.4	16.7	204.6	10.0	8.0	2.1
South America	26.0	0.0	25.7	0.7	24.3	1.6	0.9	0.3
Western Europe	283.8	98.4	317.3	150.9	291.1	147.2	11.3	31.0
Middle East	56.6	182.6	97.4	337.0	97.1	71.6	3.8	15.1
Africa	59.8	125.3	59.8	83.7	64.6	116.6	2.5	24.6
Asia and Far East	1,748.0	249.1	1,815.6	129.1	1,885.7	125.9	73.4	26.5

⁶³ See, for example, BP, *Statistical Review of World Energy 2020*, p. 31. Viewed at: <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2020-full-report.pdf>.

⁶⁴ The volume of crude oil exports in 2012-14 was 2,765.8, 2,763.3, and 2,611.1 million barrels, respectively. WTO (2016), *Trade Policy Review of the Kingdom of Saudi Arabia*, Geneva, Table 4.7.

⁶⁵ WTO (2016), *Trade Policy Review of the Kingdom of Saudi Arabia*, Geneva, Table 4.7.

⁶⁶ Joint Organisations Data Initiative, *JODI Oil – Saudi Arabia*. Viewed at: <https://www.jodidata.org/oil/database/customisable-charts.aspx#cdSaudiArabia>.

⁶⁷ The volume of exports of refined products in 2012-14 was 315.6, 289.8, and 360.6 million barrels, respectively. WTO (2016), *Trade Policy Review of the Kingdom of Saudi Arabia*, Geneva, Table 4.7.

⁶⁸ WTO (2016), *Trade Policy Review of the Kingdom of Saudi Arabia*, Geneva, Table 4.7.

Destination	2017		2018		2019		% share in 2019	
	Crude oil	Refined products	Crude oil	Refined products	Crude oil	Refined products	Crude oil	Refined products
Oceania	3.0	..	2.3	1.5	1.5	1.5	0.1	0.3
Total	2,543.4	658.0	2,690.6	719.5	2,568.9	474.4	100.0	100.0

.. Not available.

Note: Including LPG/NG.

Source: Information provided by the authorities.

4.52. In value terms, exports of crude oil in 2019 amounted to SAR 626.5 billion or 63.9% of total exports of goods. Exports of refined products in 2019 amounted to SAR 132.4 billion or 13.5% of total exports of goods. The value of exports of crude oil and refined products in 2019 (SAR 758.9 billion) was significantly lower than in 2018 (SAR 868.44 billion).⁶⁹

4.53. Apart from the Basic Law of Governance⁷⁰, the main aspects of the legal and regulatory framework governing Saudi Aramco's activities with respect to the exploration, development, and production of oil and gas include the following.

4.54. First, the new Hydrocarbons Law, enacted in December 2017, lays down the conditions for the granting of licences to conduct hydrocarbon activities in the Kingdom.⁷¹ The Ministry of Energy is the body responsible for implementing this law and overseeing all aspects of a licensee's operations, including its technical operations and the review of all the licensee's revenues and expenses. It is also responsible for preparing and overseeing the national strategies and policies related to hydrocarbons to ensure the implementation, development, and appropriate use of hydrocarbon resources, and conservation of the Kingdom's hydrocarbon reserves for future generations.

4.55. Under the Hydrocarbons Law, the Kingdom has the sovereign exclusive and binding authority to make production decisions related to both the maximum level of hydrocarbons that a licensee can produce at any given time and the level of maximum sustainable capacity that a licensee must maintain. Hydrocarbon operations must be managed and maintained in a professional, adequate, and effective manner in accordance with international industry standards and the Hydrocarbons Law and regulations. Operations also must be conducted in an economically feasible and efficient manner that promotes the long-term productivity of reservoirs in the licensed area and supports the prudent stewardship of hydrocarbon resources and hydrocarbons, and limits their abandonment.⁷²

4.56. Second, in December 2017, Saudi Aramco and the Government (Ministry of Energy) entered into a revised Concession Agreement, which replaced and superseded the original Concession as at 17 September 2019.⁷³ Unlike the original Concession, the duration of the revised Concession Agreement is limited to a specified period. The Concession will remain effective for a period of not more than 40 years, which can be extended if certain conditions are met.⁷⁴

⁶⁹ SAMA (2020), *56th Annual Report 1441H-2020*, Riyadh, p. 114.

⁷⁰ According to Article 14 of the Basic Law of Governance, "[a]ll natural resources that God has deposited underground, above ground, in territorial waters or within the land and sea domains under the authority of the State, together with revenues of these resources, shall be the property of the State, as provided by the Law. The Law shall specify means for exploitation, protection and development of these resources in the best interest of the State, and its security and economy".

⁷¹ Royal Decree No. M/37 of 02/04/1439H (20 December 2017). An amendment to the revised Concession Agreement became effective on 1 January 2020.

⁷² Saudi Aramco, *Annual Report 2019*, p. 208. Viewed at: <https://www.aramco.com/-/media/publications/corporate-reports/saudi-aramco-ara-2019-english.pdf?la=en&hash=FDBFE7887B74E816C493F09DA188F1151839A4CD>.

⁷³ The revised concession Agreement was adopted by Royal Decree No. M/12 of 18/01/1441H, 17 September 2019.

⁷⁴ For a brief summary of key features of the revised Concession Agreement, see Saudi Aramco, *Annual Report 2019*, p. 214. Viewed at: <https://www.aramco.com/-/media/publications/corporate-reports/saudi-aramco-ara-2019-english.pdf?la=en&hash=FDBFE7887B74E816C493F09DA188F1151839A4CD>.

4.57. Third, changes were made recently to the fiscal regime applicable to Saudi Aramco's operations, to the Price Equalization regime, and to the conditions under which Saudi Aramco sells hydrocarbon products to the Government.

- Pursuant to the revised Concession Agreement, changes were made with respect to the royalty rates paid by Saudi Aramco, effective on 1 January 2020.⁷⁵
- Prices of domestic sales of crude oil, natural gas (including ethane), natural gas liquids (propane, butane, and natural gasoline), and certain refined products (kerosene, diesel, heavy fuel oil, gasoline, and asphalt) are regulated by the Government (Section 3). A Price Equalization regime established in 2017 provides that Saudi Aramco is entitled to compensation from the Government if it sells crude oil and certain refined products domestically at prices below the corresponding equalization prices.⁷⁶ The amount of compensation is equal to the cost of the revenue forgone by Saudi Aramco by complying with the Government's pricing mandates. The Price Equalization regime is administered by the Ministry of Energy. In September 2019, the regime was amended to expand its scope to include LPGs and certain other products as at 1 January 2020.⁷⁷
- Effective 1 January 2017, the Government guaranteed amounts paid to Saudi Aramco for its sales of hydrocarbon products to various government and semi-governmental entities. This guarantee is subject to a limit to the amount of guarantee for each individual entity.⁷⁸

4.58. The authorities indicate that there were no changes during the review period to Saudi Aramco's procurement of goods and services. In this regard, the Secretariat Report prepared for the last Review observed that:

- According to the authorities, Saudi Aramco follows market-based procurement policies. Under its procurement policies, the major objectives are: completion of work on schedule, conformance with demanding technical standards, and lowest overall cost to Saudi Aramco. The procurement opportunities are offered to all qualified suppliers of goods and services from all WTO Members through competitive bidding. Nonetheless, Saudi Aramco also seeks to encourage the development of a reliable local contractor base in the company's areas of operation. Saudi Aramco selects the most technically and financially qualified contractor whose bid represents the least overall cost.⁷⁹

4.59. Saudi Aramco's In-Kingdom Value Added Program aims to achieve 70% localization of its spending by 2021.⁸⁰

4.2.2.3 Natural gas

4.60. Saudi Arabia's proven reserves of natural gas stood at 237.4 trillion standard cubic feet as at 31 December 2019.⁸¹

4.61. As stated in the Secretariat Report prepared for the last Review, Saudi Aramco enjoys certain exclusive rights and privileges in the gas sector, and foreign investors participate in the gas upstream sectors (e.g. extractions) through joint ventures with Saudi Aramco. Major foreign partners for these

⁷⁵ Saudi Aramco, *Annual Report 2019*, p. 40. Viewed at: <https://www.aramco.com/-/media/publications/corporate-reports/saudi-aramco-ara-2019-english.pdf?la=en&hash=FDBFE7887B74E816C493F09DA188F1151839A4CD>.

⁷⁶ Council of Ministers Resolution No. 406 of 28/06/1438H, 27 March 2017, and Ministerial Resolution No. 1/2465/1439 of 10/04/1439H (28 December 2017).

⁷⁷ Saudi Aramco, *Annual Report 2019*, p. 209. Viewed at: <https://www.aramco.com/-/media/publications/corporate-reports/saudi-aramco-ara-2019-english.pdf?la=en&hash=FDBFE7887B74E816C493F09DA188F1151839A4CD>.

⁷⁸ Saudi Aramco, *Annual Report 2019*, p. 212. Viewed at: <https://www.aramco.com/-/media/publications/corporate-reports/saudi-aramco-ara-2019-english.pdf?la=en&hash=FDBFE7887B74E816C493F09DA188F1151839A4CD>.

⁷⁹ WTO (2016), *Trade Policy Review of the Kingdom of Saudi Arabia*, Geneva, para. 4.47.

⁸⁰ IKTVA. Viewed at: <https://iktva.sa/>.

⁸¹ Pinheiro, J. E., "Strategy Flows Towards Natural Gas", *Saudi Aramco Magazine*, July 2020. Viewed at: <https://www.saudiaramco.com/en/magazine/elements/2020/strategy-flows-toward-natural-gas>.

joint ventures include Shell, Total, Lukoil, Sinopec, Repsol, and Eni. Large-scale gas projects are operated in Hardh, Hawiyyah, and Khurasaniyah.⁸²

4.62. The production of natural gas rose from 474.4 million barrels in 2015 to 495.0 million barrels in 2018 but declined to 481.0 million barrels in 2019 (Table 4.11). Domestic consumption of natural gas increased from 121.3 million barrels in 2015 to 128.5 million barrels in 2019 (Table 4.13).

4.63. Saudi Arabia does not import or export natural gas.

4.64. As noted above, increasing gas production and distribution capacity is one of the objectives of Vision 2030. The Government set the target of increasing the share of natural gas in the domestic energy mix to 70%.⁸³ Saudi Aramco's business strategy aims to expand its gas activities in the Kingdom and to increase its natural gas production during the next decade. The expansion of gas production is expected to be achieved both through the incremental expansion of current projects and the exploitation of untapped gas reserves not associated with oil production.⁸⁴ Increased production of natural gas is seen as critically important to the country's Kingdom's diversification and energy transition strategy in that it provides low-cost and clean feedstock to the petrochemical and power-generation sectors. By 2030, Saudi Aramco aims to be among the world's top three natural gas producers and to export natural gas for the first time.⁸⁵

4.65. The Gas Supply and Pricing Regulations (GSPR)⁸⁶, enacted in 2003 and administered by the Ministry of Energy, require a licence for the conduct of any regulated activity concerning any gaseous or liquid hydrocarbons produced in the Kingdom. Saudi Aramco owns and operates the Master Gas System (MGS), a network of pipelines connecting its key gas production and processing sites. Pursuant to the GSPR, Saudi Aramco performs all domestic marketing and sales of natural gas and natural gas liquids from the MGS, subject to certain exceptions. The Ministry of Energy determines the tariffs for transportation, processing, fractionation, and other terms and conditions of access to the MGS. It also determines the necessary allocation of natural gas and natural gas liquids to different sectors of the economy based on individual demand estimates for each sector.⁸⁷

4.66. Natural gas is among the products subject to price regulation. In March 2018, the Government established the price (Blended Price) for the domestic sale of regulated gas products to ensure that licensees realize a commercial rate of return suitable for the development and exploitation of gas resources in the Kingdom. In September 2019, the requirement that the domestic price be no less than the Blended Price was eliminated and replaced with a provision that licensees are entitled to compensation if the domestic price is not set at least at the Blended Price. The Ministry of Energy is responsible for the administration of this regime.⁸⁸

4.67. In order to increase production of gas, the Government decided not to collect royalties from Saudi Aramco on condensate products for a grace period of five years starting on 1 January 2018. In September 2019, this period was extended for an additional 10 years, which may be further

⁸² WTO (2016), Trade Policy Review of the Kingdom of Saudi Arabia, Geneva, para. 4.49.

⁸³ A recent report submits that this target may be difficult to meet "given the time and especially the cost involved in developing the unconventional gas deposits on which such hopes are increasingly based. Economist Intelligence Unit, *Industry Report Energy: Saudi Arabia*, 3rd Quarter 2020, p. 2. Viewed at: http://www.eiu.com/FileHandler.ashx?issue_id=650217848&mode=pdf.

⁸⁴ Saudi Aramco's unconventional developments focus on three areas: North Arabia, South Ghawar, and Jafurah. The North Arabia development is in production while South Ghawar and Jafurah are in various stages of development.

⁸⁵ Pinheiro, J. E., "Strategy Flows Toward Natural Gas", *Saudi Aramco Magazine*, July 2020. Viewed at: <https://www.saudiaramco.com/en/magazine/elements/2020/strategy-flows-toward-natural-gas>.

⁸⁶ Royal Decree No. M/36 of 25/06/1424H (23 August 2003). There were no changes to the GSPR during the review period.

⁸⁷ Saudi Aramco, *Annual Report 2019*, p. 209. Viewed at: <https://www.aramco.com/-/media/publications/corporate-reports/saudi-aramco-ara-2019-english.pdf?la=en&hash=FDBFE7887B74E816C493F09DA188F1151839A4CD>.

⁸⁸ Saudi Aramco, *Annual Report 2019*, p. 210. Viewed at: <https://www.aramco.com/-/media/publications/corporate-reports/saudi-aramco-ara-2019-english.pdf?la=en&hash=FDBFE7887B74E816C493F09DA188F1151839A4CD>.

extended for subsequent 10-year periods unless the Government determines that the economics impacting gas field development do not warrant such an extension.⁸⁹

4.2.2.4 Electricity

4.68. Saudi Arabia experienced a very high rate of growth of electricity consumption in recent decades⁹⁰, but this growth stalled during the review period. Electricity consumption increased slightly between 2015 and 2018 and declined in 2019 (Table 4.15) Among the factors explaining the slower growth, and decline, in consumption are more stringent energy efficiency and energy intensity standards under the Saudi Energy Efficiency Programme and increases in electricity prices that occurred in 2016 and 2018. Demand for electricity is expected to grow, albeit at a slower rate than in the years before 2016.

4.69. Saudi Arabia significantly expanded its electricity-generation capacity, including by relying more on Independent Power Producers (IPPs). Installed generation capacity at the end of 2019 was 84.5 GW and could soon reach close to 100 GW.

Table 4.15 Electricity generation, consumption exports, and capacity, 2015-19

	2015	2016	2017	2018	2019
Electricity generation during peak load (MW)	69,200	74,708	69,169	68,794	63,710
Electricity consumption ('000 kWh)	294,612	296,672	298,439	299,188	288,598
Electricity, net (exports-imports) ('000 kWh)	..	..	..	33.9	30.1
Electricity lost in transmission and distribution (%)	7.7	7.8	9.4	9.5	10.0
Electricity, licensed installed capacity (MW)	81,603	87,754	88,685	85,556	85,185

.. Not available.

Source: Information provided by the authorities.

4.70. The GCC Interconnection Authority, based in Dammam, is responsible for managing an integrated grid owned and operated by GCC member States. Agreements are under way with Egypt, Iraq, and Jordan to explore these countries' possible connection to this grid. Notwithstanding the physical linking of the national grids, the extent of cross-border electricity trade among GCC member States remains very limited, although there has been an upward trend since 2016. Saudi Arabia's net exports of electricity amounted to 36 GWh and 33 GWh in 2018 and 2019, respectively.

4.71. Reform of the electricity sector was a priority in the economic transformation envisaged by Vision 2030. The NIDLP points to the following key problems in this sector: (i) inefficient power consumption; (ii) supply side inefficiency; (iii) low private sector participation; (iv) fiscal burden on the State; and (v) limited reliance on renewable energy.⁹¹

4.72. Until the restructuring of ministries that took place in 2016, the competent authority for the regulation of the electricity sector was the Ministry of Water and Electricity. This Ministry was abolished in 2016, and its responsibilities in relation to the electricity sector were transferred to the Ministry of Energy, Industry and Mineral Resources. Following its division in 2019 into the Ministry of Energy and the Ministry of Industry and Mineral Resources, responsibility for the electricity sector now rests with the Ministry of Energy.

4.73. The Electricity and Cogeneration Regulatory Authority (ECRA), a financially and administratively independent organization, is the regulator of Saudi Arabia's electricity industry. Its mission is to develop and pursue a regulatory framework, in accordance with government laws, regulations, policies, and standards, as well as with international best practices, in order to guarantee the provision of safe, reliable, and efficient electric power and desalinated water to

⁸⁹ Saudi Aramco, *Annual Report 2019*, p. 214. Viewed at: <https://www.aramco.com/-/media/publications/corporate-reports/saudi-aramco-ara-2019-english.pdf?la=en&hash=FDBFE7887B74E816C493F09DA188F1151839A4CD>.

⁹⁰ Between 2005 and 2018, electricity consumption rose at an average annual rate of 5.48%. KAPSARC, *Saudi Arabia's Unfolding Power Sector Reform: Features, Challenges and Opportunities for Market Integration*, May 2020, p. 7. Viewed at: <https://www.kapsarc.org/research/publications/saudi-arabias-unfolding-power-sector-reform/>.

⁹¹ Kingdom of Saudi Arabia, *NIDLP, Delivery Plan 2018-2020*, p. 206. Viewed at: <https://vision2030.gov.sa/sites/default/files/attachments/NIDLP%20Delivery%20Plan%20-%20English%20Jan%202019.pdf>. The NIDLP is currently under review.

Saudi consumers. The ECRA issues licences to operators for generation/cogeneration, transmission, and distribution; in coordination with the Energy and Water Price Reform Executive Committee, the ECRA develops proposals on electricity tariffs for review and approval by the Council of Ministers. The legal and regulatory framework within which the ECRA operates comprises, in particular, the ECRA Charter and its Implementing Regulations, and the Electricity Law and its Implementing Regulations.

4.74. The electricity market is characterized by a bundled, vertically integrated single-buyer market structure. Saudi Electricity Company (SEC) is a dominant operator in the electricity industry, engaged in generation, transmission, and distribution. The SEC is publicly traded on the Saudi capital market, and the Government owns 74.3% of the shares through the Public Investment Fund. In 2019, the SEC generated 54% of all electrical power generated in Saudi Arabia. In 2017, the Saudi Power Procurement Company, a limited liability company wholly owned by the SEC, was named as the principal buyer. Independent power-generation plants also supply electricity directly to larger consumers, including to the SEC for distribution. The Saudi authorities aim to increase the level of competition in the electricity market by allowing multiple IPPs to participate in the generation of electricity, while the transmission and distribution will be retained by the SEC.

4.75. Because more than 99% of electricity is generated using fossil fuels, the development of alternative sources of energy to diversify the sources of electricity generation features prominently in the Vision 2030 strategy. The diversification of the energy mix is being pursued for various economic, security, and environmental reasons. The Government defined ambitious objectives for the creation of a renewable energy sector and is considering the development of a nuclear energy capacity.

4.76. The National Renewable Energy Programme (NREP) was launched in 2017 by the Ministry of Energy to substantially increase the share of renewable energy in the national power energy mix⁹², to promote and facilitate private sector participation by attracting foreign and domestic investment, and to grow the Kingdom's manufacturing capability in renewable energy.⁹³ The Ministry of Energy has the primary responsibility for the pre-development of renewable energy projects. Projects are tendered in a series of rounds each year and are accessible for local and international companies to qualify for and bid on through a dedicated e-procurement portal. Energy produced by the IPPs under this programme will be bought by the Saudi Power Procurement Company via 20- to 25-year Power Purchase Agreements awarded to qualified bids with the lowest levelized cost of electricity per project. To date, there have been three rounds of open tenders under the NREP. Round 1 comprised 700 MW across two projects: the Sakaka 300 MW Solar PV project; and the Dumat Al Jandal 400 MW onshore wind project. Combined, these two projects attracted SAR 3 billion in private sector investment. Rounds 2 and 3 of the NREP are currently at the tendering stage and will see an additional 2,670 MW of renewable energy across 10 projects be awarded before the end of 2021.⁹⁴

4.77. Apart from diversifying the electricity mix, the development of renewable energy capacity is also designed to promote domestic industrial capacity and job creation.⁹⁵ The authorities formulated detailed localization requirements that firms must meet to be able to bid for renewable energy projects.⁹⁶

4.78. No nuclear plants are currently installed in Saudi Arabia. The main objective of introducing nuclear energy is to diversify the energy strategy across the Kingdom. This is addressed by the National Atomic Energy Project that was launched in 2017. The project had three main developments. First, work was done to develop the required National Nuclear Power Infrastructure in accordance with the International Atomic Energy Agency's Milestones Approach. Second, steps were taken to identify and prepare sites in the Kingdom suitable for building the first nuclear power

⁹² The Government defined certain quantitative targets in this respect.

⁹³ In addition to the NREP managed by the Ministry of Energy, the Public Investment Fund also has a programme for creating renewable energy capacity.

⁹⁴ Information provided by the authorities.

⁹⁵ Vision 2030 states, in this regard, that "[w]e will also seek to localize a significant portion of the renewable energy value chain in the Saudi economy, including research and development, and manufacturing, among other stages". Kingdom of Saudi Arabia, *Vision 2030*, p. 49. Viewed at: <https://vision2030.gov.sa/en/node/135>. Vision 2030 is currently under review.

⁹⁶ *Saudi Arabia National Renewable Energy Program*. Viewed at: https://www.ief.org/resources/files/events/third-ief-eu-energy-day/turki-al-shehri-24.02-repdo---ief-riyadh_v2-2.pdf.

plant containing two large reactors. Third, a request for information was sent to all potential vendors from five countries for building the first nuclear power plant in late 2017. Responses were received for developing the required request for proposal to be sent ultimately to all five vendors in accordance with the tendering process.

4.2.2.5 Energy price reform

4.79. Reform of domestic energy prices was an important component of Saudi Arabia's economic transformation policies during the review period. Saudi Arabia provided energy products to its domestic consumers at prices that are usually lower than export prices. In the context of the Fiscal Balance Program, the total amount of energy benefits resulting from these low energy prices was estimated at close to SAR 300 billion in 2015, given the oil export price at that time, and it was observed that energy and water subsidies together typically accounted for the vast majority of the overall subsidies in Saudi Arabia.⁹⁷ In this regard, one of Vision 2030's objectives is to increase the competitiveness of the energy sector by raising the efficiency of the government support system and making the best use of its benefits by redirecting it and targeting eligible citizens and economic sectors. Vision 2030 also provides that, in the long term, free market prices shall stimulate productivity and competitiveness among utility companies and open the door to investment and diversification of the energy mix.⁹⁸

4.80. Energy price reform is one of the most important elements of the Fiscal Balance Program, which was established in 2016.⁹⁹ It defines the objectives of energy price reform as to: (i) stimulate rational consumption; (ii) encourage the establishment of competitive investments in the industrial sector; (iii) redirect and rationalize support provided to eligible segments; and (iv) strengthen the general fiscal position.¹⁰⁰ The energy price reform program originally envisioned a first phase (2016) of marginal increases to current energy prices, followed by a second phase (2018) of gradual price increases towards international market prices. The program was amended in 2018.¹⁰¹ An Executive Committee for the Governance of Energy and Water Prices Reform was established to oversee the development of the energy and water price reform plan, considering its economic, social, and sectoral impact and to develop the necessary support mechanism during the transition period.

4.81. In 2016, a first wave of energy price reforms involved increases in prices of fuel and electricity; a second wave of price reforms was implemented at the start of 2018, focusing on gasoline and electricity¹⁰² (Tables 4.16 and 4.17).

⁹⁷ Kingdom of Saudi Arabia, *Fiscal Balance Program: Balanced Budget 2020*, p. 36. Viewed at: <https://vision2030.gov.sa/sites/default/files/attachments/Fiscal%20Balance%20Program%202017.pdf>. It is important to note that, notwithstanding the use of the term "subsidies" in this document, the Saudi authorities indicated in this Review that the regulation of prices of energy and water does not involve subsidies as prices are above costs.

⁹⁸ Kingdom of Saudi Arabia, *Vision 2030*, p. 51. Viewed at: <https://vision2030.gov.sa/en/node/135>.

⁹⁹ Kingdom of Saudi Arabia, *Fiscal Balance Program: Balanced Budget 2020*, p. 36. Viewed at: <https://vision2030.gov.sa/sites/default/files/attachments/Fiscal%20Balance%20Program%202017.pdf>. The programme was amended in several respects in 2018, including with respect to the date on which the objective of a balanced budget had to be achieved, which was changed from 2020 to 2023. Kingdom of Saudi Arabia, *Fiscal Balance Program: 2018 Update*. Viewed at: <https://vision2030.gov.sa/sites/default/files/attachments/Fiscal%20Balance%20Program%202018%20update.pdf>.

¹⁰⁰ Kingdom of Saudi Arabia, *Fiscal Balance Program: 2018 Update*, p. 10. Viewed at: <https://mof.gov.sa/en/budget/Documents/Fiscal%20Balance%20Program%202018%20update.pdf>.

¹⁰¹ Kingdom of Saudi Arabia, *Fiscal Balance Program: 2018 Update*, p. 11. Viewed at: <https://mof.gov.sa/en/budget/Documents/Fiscal%20Balance%20Program%202018%20update.pdf>.

¹⁰² IMF (2017), *Saudi Arabia: 2017 Article IV Consultation—Press Release and Staff Report*, IMF Country Report No. 17/316, p. 10. Viewed at: <https://www.imf.org/en/Publications/CR/Issues/2017/10/05/Saudi-Arabia-2017-Article-IV-Consultation-Press-Release-and-Staff-Report-45312>; IMF (2018), *Saudi Arabia: 2018 Article IV Consultation—Press Release and Staff Report*, IMF Country Report No. 18/263, Appendix IV: Energy Price Reform and the Citizens' Accounts. Viewed at: <https://www.imf.org/en/Publications/CR/Issues/2018/08/24/Saudi-Arabia-2018-Article-IV-Consultation-Press-Release-and-Staff-Report-46195>; Krane, J., *Too Much of a Good Thing: Subsidy Reform and Tax Increases Defy Academic Theory on the Rentier Middle East*, Center for Energy Studies, Rice University's Baker Institute for Public Policy, September 2019, p. 10. Viewed at: <https://www.bakerinstitute.org/media/files/files/3b9e6e0a/ces-pub-subsidyreform-101019.pdf>.

- The price of natural gas was raised by 67% in 2016. Starting in 2020, there was to be "a targeted and gradual transition to the linked Reference Price with an applied price ceiling".
- Prices of gasoline were raised in 2016 by 50% for octane 95 and by 67% for octane 91. In 2018, gasoline prices were linked to export prices for both grades of gasoline. Gasoline prices were revised on a quarterly basis and, since February 2020, on a monthly basis, to align them with export prices.¹⁰³
- Diesel prices were raised for transport by 79% in 2016. Diesel prices for utilities and industry were raised by 55% in 2016 and by 15% in 2018.
- Prices of Arab Light Crude and Arab Heavy Crude were raised by 50% and 65%, respectively, in 2016. Over the period 2019-25, there was to be "a targeted and gradual transition to the linked Reference Price".

4.82. Notwithstanding the recent price increases, domestic fuel prices are still far below the global average.¹⁰⁴

Table 4.16 Increases in energy commodity and service prices since 2015

Product	Unit	2015	2016	Increase	2018	Increase
Natural gas	USD/mmbtu	0.75	1.25	67%	unchanged	0%
Ethane	USD/mmbtu	0.75	1.75	133%	unchanged	0%
Gasoline, high-grade	USD/litre	0.16	0.24	50%	0.544	127%
Gasoline, low-grade	USD/litre	0.12	0.2	67%	0.365	83%
Diesel transport	USD/litre	0.07	0.12	79%	unchanged	0%
Diesel industry	USD/barrel	9.11	14.1	55%	16.15	15%
Arab Light Crude	USD/barrel	4.24	6.35	50%	unchanged	0%
Arab Heavy Crude	USD/barrel	2.67	4.4	65%	unchanged	0%
Kerosene	USD/barrel	16.54	25.7	55%	unchanged	0%

Source: APICORP Research, "Saudi Energy Price Reform Getting Serious", APICORP Energy Research, Vol. 3, No. 5, February 2018, p. 1. Viewed at: http://www.apicorp-arabia.com/Research/EnergyResearch/2018/APICORP_Energy_Research_V03_N05_2018.pdf, and information provided by the authorities.

4.83. Electricity prices charged to residential customers were raised in 2016 for some consumption brackets above 4,000 kWh per month, but consumption brackets below 4,000 kWh were not affected. In 2018, electricity tariffs were revised for residential customers in the 0-2,000 kWh and the 2,001-4,000 kWh consumption brackets. The changes made in 2016 and 2018 did not affect electricity tariffs charged to industry and the Government.¹⁰⁵

Table 4.17 Electricity tariffs (SAR/kWh)

Sector	End-2015	Start-2018	% change
Residential: 1-2000 kWh/month	0.05	0.18	260
Residential – 2001-4000 kWh/month	0.10	0.18	80
Residential – 4001-6000 kWh/month	0.20	0.18	-10
Residential – above 6000 kWh/month	0.30	0.30	0

¹⁰³ Thus, while gasoline prices were reduced significantly in May 2020 to a level close to that prevailing at the time of the price reform of 2018, it has been argued that this "simply reflects the current linkage between Saudi domestic and international prices". Gasim, A. and Al Dubyan, M., "Why Did Domestic Gasoline Prices Fall in Saudi Arabia?", KAPSARC, Instant Insight, 2 June 2020, p. 3. Viewed at: <https://www.kapsarc.org/research/publications/why-did-domestic-gasoline-prices-fall-in-saudi-arabia/>.

¹⁰⁴ IEA, *World Energy Prices: Overview*, 2020, pp. 6 and 8. Viewed at: <https://www.iea.org/reports/energy-prices-2020>. According to one source, "[e]ven after the price rises, local fuel prices are still only slightly over half of the global average". Economist Intelligence Unit, *Industry Report Energy: Saudi Arabia*, 1st Quarter 2020, p. 3. Viewed at: http://www.eiu.com/FileHandler.ashx?issue_id=2029395586&mode=pdf.

¹⁰⁵ The authorities indicated that the revision of electricity tariffs in 2018 also included the commercial and agricultural tariffs.

Sector	End-2015	Start-2018	% change
Industry	0.18	0.18	0
Government	0.32	0.32	0

Source: APICORP Research, "Saudi Energy Price Reform Getting Serious", APICORP Energy Research, Vol. 3, No. 5, February 2018, p. 2. Viewed at: http://www.apicorp-arabia.com/Research/EnergyResearch/2018/APICORP_Energy_Research_V03_N05_2018.pdf and information provided by the authorities.

4.84. The Citizens' Account Program was launched in 2018 in order to compensate low-income groups for the effects of the energy price increases through monthly cash transfers.

4.3 Manufacturing

4.85. Measured in constant prices for 2010, the contribution of the manufacturing sector (including oil refining) to GDP increased from SAR 298.4 billion in 2015 to SAR 318.5 billion in 2018 but declined to SAR 313.5 billion in 2019. The annual growth rate of the manufacturing sector's GDP was 6.59% in 2015, 3.20% in 2016, 1.3% in 2017, 2.10% in 2018, and -3.18% in 2019. During the review period, the share of manufacturing (including oil refining) in GDP, in constant prices for 2010, fluctuated around 12%: 11.73% in 2015, 11.90% in 2016, 12.15% in 2017, 12.11% in 2018, and 11.88% in 2019.¹⁰⁶

4.86. The sector's main segments are the oil refining (3.5% of GDP in 2019), petrochemicals, and heavy metal industries. Notwithstanding efforts to accelerate the development of new industrial sectors, the industrial sector remains heavily concentrated on basic industries in which Saudi Arabia's advantages in natural resources play a key role.¹⁰⁷

4.87. Table 4.18 provides data on the number of manufacturing establishments by size in 2018.

Table 4.18 Number of manufacturing establishments by size, 2018

	Micro (1-5)	Small (6-49)	Medium (50-249)	Large (250+)	Total (no.)	% of total
Manufacturing	85,521	16,903	5,098	541	108,063	100.0
Food products	9,318	1,564	598	80	11,560	10.7
Beverages	653	251	122	21	1,047	1.0
Tobacco products	73	10	2	0	85	0.1
Textiles	2,050	285	80	18	2,433	2.3
Wearing Apparel	31,214	2,173	101	23	33,511	31.0
Leather and related products	115	22	10	3	150	0.1
Wood and of products of wood and cork	3,227	1,448	136	11	4,822	4.5
Paper and paper products	96	137	109	22	364	0.3
Printing and reproduction of recorded media	832	450	170	11	1,463	1.4
Coke and refined petroleum products	34	77	19	8	138	0.1
Chemicals and chemical products	359	568	496	39	1,462	1.4
Pharmaceutical products and preparations	26	20	46	8	100	0.1
Rubber and plastics products	225	330	214	42	811	0.8
Other non-metallic mineral products	1,789	1,721	1,138	75	4,723	4.4
Basic metals	113	204	268	22	607	0.6
Fabricated metal products	15,104	5,289	724	34	21,151	19.6
Computer, electronic and optical products	70	63	15	4	152	0.1

¹⁰⁶ General Authority for Statistics, *Gross Domestic Product*. Viewed at: <https://www.stats.gov.sa/en/823>. In current prices, the manufacturing sector's share of GDP was 12.82% in 2015, 13.05% in 2016, 13.01% in 2017, 12.89% in 2018, and 12.63% in 2019.

¹⁰⁷ Kingdom of Saudi Arabia, *NIDLP, Delivery Plan 2018-2020*, p. 92. Viewed at: <https://vision2030.gov.sa/sites/default/files/attachments/NIDLP%20Delivery%20Plan%20-%20English%20Jan%202019.pdf>. The NIDLP is currently under review.

	Micro (1-5)	Small (6-49)	Medium (50-249)	Large (250+)	Total (no.)	% of total
Electrical equipment	329	106	165	37	637	0.6
Machinery and equipment n.e.c.	125	146	107	22	400	0.4
Motor vehicles, trailers and semi-trailers	88	169	75	5	337	0.3
Other transport equipment	26	14	7	4	51	0.0
Furniture	8,146	1,091	276	33	9,546	8.8
Other manufacturing	348	86	51	11	496	0.5
Repair and installation of machinery and equipment	11,161	679	169	8	12,017	11.1
<i>Memo:</i>						
% of total by size of establishment	79.1	15.6	4.7	0.5		

Note: The classification of the establishments' economic activity is based on ISIC Rev.4 with limited modifications to suit the institutions operating in Saudi Arabia. The size of establishments is based on the number of employees.

Source: General Authority for Statistics, *Survey of Industrial Activity 2018*. Viewed at: <https://www.stats.gov.sa/en/988>.

4.88. Manufacturing activity decreased significantly in 2020 as a result of the reduction in production caused by the COVID-19 pandemic. In June 2020, manufacturing activity had declined by 22.3% compared with June 2019.¹⁰⁸

4.89. Total employment in the manufacturing sector was 986,799 in 2016, 1,013,006 in 2017, 1,117,050 in 2018, and 1,290,393 in 2019.¹⁰⁹

4.90. Imports of manufactured goods in 2019 amounted to SAR 401.6 billion, accounting for 74.2% of total imports. Imports of partly manufactured or semi-finished goods amounted to SAR 123.3 billion and represented 22.8% of total imports. The value of exports of manufactured goods in 2019 was SAR 175.3 billion, representing 17.9% of total exports, while the value of partly manufactured (semi-finished) goods in 2019 was SAR 165.4 billion, or 16.9% of the value of total exports.¹¹⁰ As shares in exports of manufactured products, the two most important HS categories are products of the chemical or allied industries, and plastics and articles thereof and rubber and articles thereof.¹¹¹

4.91. The Ministry of Industry and Mineral Resources is the agency responsible for regulating the manufacturing sector (Section 2). Establishing an industrial project in Saudi Arabia is subject to regulation under the Foreign Investment Law, in the case of projects that involve foreign capital¹¹², and the Unified Industrial Law of GCC member States in the case of projects exclusively involving Saudi capital. Both laws include a requirement to obtain an industrial licence. The authorities note that there are no foreign ownership restrictions in manufacturing. As at September 2020, 1,467 foreign enterprises were licensed to operate in the manufacturing sector.¹¹³

4.92. In 2019, the Ministry of Industry and Mineral Resources issued industrial licences for 515 new factories in various industrial activities.¹¹⁴ The number of industrial licences issued was 576 in 2015, 578 in 2016, 593 in 2017, and 419 in 2018.¹¹⁵

¹⁰⁸ General Authority for Statistics, *Industrial Production: June 2020*. Viewed at: https://www.stats.gov.sa/sites/default/files/industrial_production_june_2020_en.pdf.

¹⁰⁹ Information provided by the authorities.

¹¹⁰ Saudi Arabia Monetary Authority (SAMA), *Annual Report 2020*, pp. 122-123.

¹¹¹ General Authority for Statistics, *International Trade: 2019*. Viewed at: https://www.stats.gov.sa/sites/default/files/ft_y_2019_en_0.pdf.

¹¹² See Section 2 of this Report for recent developments regarding licensing under the Foreign Investment Law.

¹¹³ Information provided by the authorities.

¹¹⁴ SAMA, *Annual Report 2020*, p.53.

¹¹⁵ SAMA, *Annual Report 2016*, p. 20; *Annual Report 2017*, p.35; *Annual Report 2018*, p. 46; and *Annual Report 2019*, p. 53.

4.93. The Government recently initiated a comprehensive review of the industrial licensing system under the National Licensing Reform Program with a view to simplifying the regime by substantially reducing the number of activities for which an industrial licence is required.

4.94. Industry is one of the four key sectors addressed by the National Industrial Development and Logistics Program (NIDLP), one of the Vision 2030 Vision Realization Programs launched in January 2019. The NIDLP aims "to transform the Kingdom of Saudi Arabia into a leading industrial powerhouse and a global logistics hub in promising growth sectors (with focus on Industry 4.0), which would generate ample job opportunities for Saudis, enhance the trade balance and maximize local content"¹¹⁶ and to invest SAR 1.4 trillion and create 1.6 million jobs in industry, energy, mining, and logistics. The Government regards a vibrant, competitive, sustainable, and export-oriented manufacturing sector as critical to the realization of Vision 2030 as the primary driver of non-oil exports, foreign investment, innovation, and higher-quality jobs.

4.95. The NIDLP envisions a "second wave of industrial development" or "second growth wave", based on four strategic pillars: (i) leverage/maximize natural resources revenues; (ii) support demand and status to empower strategic competitive sectors; (iii) provide companies with an enabling system to compete effectively at the regional and international levels; and (iv) support technological innovation and the spread of Industry 4.0 to improve productivity and maintain priority sectors' competitiveness.¹¹⁷ The key guidelines under the new approach are that growth must focus on a diversified portfolio of sectors that are based on a sustainable competitive advantage; the private sector (foreign or local) must lead the growth process, as the Government plays the role of the enabler; and growth must generate clear socio-economic benefits in terms of its contribution to GDP and employment.¹¹⁸

4.96. The NIDLP's approach to industrial development leverages high domestic and regional demand to catalyse growth in clusters of promising industrial sectors, optimizes the economic value captured from Saudi Arabia's natural resources, and involves the development of new clusters of transformative industries. The new industrial policy is reflected in a comprehensive and detailed National Industrial Strategy (NIS) focusing on nine sectors: (i) equipment and machinery; (ii) renewable energy supplies; (iii) pharmaceutical manufacturing; (iv) medical supplies; (v) the automotive sector; (vi) oil- and gas- adjacent industries; (vii) food processing; (viii) the aviation industry; and (ix) military industries.¹¹⁹ The selection of these sectors appears to be motivated by, *inter alia*, the fact that because of high domestic demand and dependence on imports they offer substantial opportunities to attract foreign and local investors to develop local manufacturing capacity.¹²⁰ In each sector covered by the NIS, the NIDLP sets out in detail the existing situation and context, objectives and strategy, specific initiatives, and relevant agencies involved in the implementation of the NIS. The authorities note that the NIS is currently being updated. Implementation of the NIS is one of the main mandates of the recently created Ministry of Industry and Mineral Resources. In this regard, a new entity, the National Industrial Development Center, was established in August 2020.

4.97. Vision 2030 provides that the strategic objective of growing and diversifying the economy will be achieved through, *inter alia*, measures to unlock the potential of non-oil sectors, including through

¹¹⁶ Kingdom of Saudi Arabia, *NIDLP, Delivery Plan 2018-2020*, p. 8. Viewed at: <https://vision2030.gov.sa/sites/default/files/attachments/NIDLP%20Delivery%20Plan%20-%20English%20Jan%202019.pdf>. The NIDLP is currently under review.

¹¹⁷ Kingdom of Saudi Arabia, *NIDLP, Delivery Plan 2018-2020*, p. 26. Viewed at: <https://vision2030.gov.sa/sites/default/files/attachments/NIDLP%20Delivery%20Plan%20-%20English%20Jan%202019.pdf>.

¹¹⁸ Kingdom of Saudi Arabia, *NIDLP, Delivery Plan 2018-2020*, pp. 26 and 30. Viewed at: <https://vision2030.gov.sa/sites/default/files/attachments/NIDLP%20Delivery%20Plan%20-%20English%20Jan%202019.pdf>.

¹¹⁹ Kingdom of Saudi Arabia, *NIDLP, Delivery Plan 2018-2020*, p. 98. Viewed at: <https://vision2030.gov.sa/sites/default/files/attachments/NIDLP%20Delivery%20Plan%20-%20English%20Jan%202019.pdf>.

¹²⁰ For example, in respect of the automotive sector and medical supplies, the NIDLP observes, respectively, that Saudi Arabia "is the only country among the top 20 (with the highest demand on vehicles) which does not have a regional production centre" and "there is great opportunity in the Kingdom to localize medical supplies given its great dependence on imports (90%)". Kingdom of Saudi Arabia, *NIDLP, Delivery Plan 2018-2020*, pp. 37-38. Viewed at: <https://vision2030.gov.sa/sites/default/files/attachments/NIDLP%20Delivery%20Plan%20-%20English%20Jan%202019.pdf>.

localization of promising manufacturing industries.¹²¹ In addition to initiatives aimed at promoting local content in specific sectors of the industry¹²² through procurements made by the Government, the NIDLP sets out a cross-cutting, horizontal local content strategy.¹²³ The Local Content and Private Sector Development Unit, established in 2016, was replaced in early 2019 by the Local Content and Government Procurement Authority (LCGPA), whose mandate is to develop local content in government procurement and to enhance its efficiency.

4.98. While the NIDLP appears to provide for several incentives to promote the enhancement of local content by the private sector¹²⁴, the authorities note that the NIDLP is currently being reviewed and that in practice there are no incentives to promote local content other than the use of price preferences for local goods and services in the context of government contracts.

4.99. As the authority responsible for local content policy, the LCGPA established strategic partnerships with companies to assist them in the implementation of their own, self-initiated local content programmes. The LCGPA is also involved in training and advising on the methodology for calculating local content. Companies represented on the Local Content Coordination Council developed specific programmes to increase local content in line with the objectives of Vision 2030 and the NIDLP. For example, Saudi Aramco's In-Kingdom Total Value Add (IKTVA) Program was self-initiated and launched in December 2015, and is designed to drive domestic value creation and maximize long-term economic growth and diversification.¹²⁵ It aims to increase significantly the domestic value added created by Saudi Aramco's suppliers. In this respect, its objective is that 70% of all Saudi Aramco's spending will be localized by 2021. To meet this objective, an IKTVA baseline score is established for each supplier, followed by the development of an action plan to increase the IKTVA score and measurement of performance progress. Saudi Aramco maintains a central procurement database through which it monitors and evaluates the total level of domestic value added by a supplier or operator. There are currently 400 local and international companies engaged in the IKTVA Program. In relation to the Program, Saudi Aramco concluded agreements with several domestic and foreign firms to develop local manufacturing capacity for goods used in the oil and gas industry and to conduct research and development. Examples of localization programmes of other major Saudi companies are SABIC's Nusaned initiative¹²⁶ and the Saudi Electricity Company's (SEC) BENA program.¹²⁷

4.100. The NIDLP includes several initiatives with respect to financial enablement, including the transformation of the Saudi Industrial Development Fund (SIDF) to become "the main financial source for the industrialization in the Kingdom"¹²⁸ and the establishment of the Saudi Export-Import (EXIM) Bank.

¹²¹ Kingdom of Saudi Arabia, *KSA Vision 2030: Strategic Objectives and Vision Realization Programs*, p. 23. Viewed at:

<https://vision2030.gov.sa/sites/default/files/report/Vision%20Realization%20Programs%20Overview.pdf>.

¹²² For a list of "localization opportunities" in specific sectors, see Kingdom of Saudi Arabia, *NIDLP, Delivery Plan, 2018-2020*, p. 310. Viewed at:

<https://vision2030.gov.sa/sites/default/files/attachments/NIDLP%20Delivery%20Plan%20-%20English%20Jan%202019.pdf>.

¹²³ Local content is defined as "the total spending in the Kingdom of Saudi Arabia through the participation of the Saudi elements in the labor force, goods and services, assets, and technology", and it is calculated "by taking into account the total amount of money spent on several elements including employees' salaries, research and development, local goods and services and others". Kingdom of Saudi Arabia, *NIDLP, Delivery Plan, 2018-2020*, p. 312. Viewed at:

<https://vision2030.gov.sa/sites/default/files/attachments/NIDLP%20Delivery%20Plan%20-%20English%20Jan%202019.pdf>.

¹²⁴ Kingdom of Saudi Arabia, *NIDLP, Delivery Plan, 2018-2020*, p. 306. Viewed at:

<https://vision2030.gov.sa/sites/default/files/attachments/NIDLP%20Delivery%20Plan%20-%20English%20Jan%202019.pdf>.

¹²⁵ IKTVA. Viewed at: <https://iktva.sa/>.

¹²⁶ See SABIC, SABIC's National Initiative Nusaned™ to Contribute SR6.1B to GDP, Create Over 3,000 Jobs, 9 July 2020. Viewed at: <https://www.sabic.com/en/news/23879-sabic-s-national-initiative-nusaned-create-over-3-000-jobs>.

¹²⁷ SEC, *Localization Electricity Industry*. Viewed at: <https://www.se.com.sa/en-us/business/Pages/LEILocalContentDevelopmentStrategic.aspx>.

¹²⁸ Kingdom of Saudi Arabia, *NIDLP, Delivery Plan, 2018-2020*, p. 323. Viewed at: <https://vision2030.gov.sa/sites/default/files/attachments/NIDLP%20Delivery%20Plan%20-%20English%20Jan%202019.pdf>.

4.101. The SIDF was established in 1974, and its mission is to support and diversify the economy by promoting industrial sectors, competitive enterprises, and strategic initiatives.¹²⁹ The authorities indicated that SIDF charges fees on its loans that are similar to, and in some cases higher than, the interest charged by comparable commercial banks, that SIDF does not finance projects that are not commercially viable, and that its loans are not contingent upon export performance. As a result of the transformation of its role under the NIDLP to become "the main financial source for the industrialization in the Kingdom"¹³⁰, the SIDF's capital was increased from SAR 65 billion to SAR 105 billion. In this context, the SIDF also launched several major integrated programmes to promote local content.¹³¹ The Energy Efficiency Program aims to support the existing industrial foundation to increase efficiency and reduce operational costs. The aim of the Digital Transformation Program is to improve the productivity of existing projects by adopting modern technologies and automation. The Afaq programme aims to support small and medium-sized enterprises and promote their roles in the local economy. In FY 2019, the SIDF approved SAR 12.5 billion in new loans.¹³²

4.102. The EXIM Bank was established by the Saudi Exports Development Authority in 2019 and became operational in early 2020 (Section 3.2.4).

4.103. The authorities indicated in the context of this trade policy review that there have been no changes in laws, regulations, and rules/orders/notices with respect to taxation and incentives provided to the manufacturing sector.

4.4 Services

4.4.1 Financial services

4.104. As part of Vision 2030, the Financial Sector Development Program (FSDP)¹³³ aims to develop a strong, innovative, and stable financial sector, able to support private-sector growth through lending, new services, and an advanced capital market, while promoting and enabling financial planning in society more broadly. In this role, the financial sector is seen as essential, allowing the private sector to drive the diversification and development of the economy. Therefore, the authorities consider financial-sector development critical to achieving the Vision 2030 objectives.

4.105. The Saudi Central Bank (SAMA) regulates and supervises financial services, while the Capital Market Authority (CMA) regulates capital markets.¹³⁴ During the review period, the regulators implemented a large number of reforms, aimed at increasing the use of electronic payments, supporting the development of the FinTech sector, and deepening capital markets. These reforms resulted in the inclusion of the Saudi Stock Exchange in three emerging market indices (Section 4.4.1.3). In 2019, financial services (comprising the banking sector, the insurance sector, and non-bank financial institutions) and business services jointly accounted for 5.6% of GDP at current prices, and financial services alone employed nearly 64,000 people.¹³⁵

¹²⁹ SIDF, *About Us*. Viewed at: <https://www.sidf.gov.sa/en/AboutSIDF/Pages/AboutUs.aspx#12>.

¹³⁰ Kingdom of Saudi Arabia, *NIDLP, Delivery Plan, 2018-2020*, p. 323. Viewed at: <https://vision2030.gov.sa/sites/default/files/attachments/NIDLP%20Delivery%20Plan%20-%20English%20Jan%202019.pdf>.

¹³¹ The Tawteen Program aims to promote local content by financing and supporting opportunities to localize supply chains. SIDF, *Annual Report 2018*, pp. 22-23. Viewed at: https://www.sidf.gov.sa/_vti_bin/SidfService.svc/DownloadFile?language=en&itemId=18&listName=Annual%20Report&subSite=/MediaCenter.

¹³² Information provided by the authorities.

¹³³ Kingdom of Saudi Arabia, *Vision 2030*. Viewed at: www.vision2030.gov.sa.

¹³⁴ Banking Control Law No. M/5 of 22/02/1386H (11 June 1966) and Capital Markets Law No. M/30 of 02/06/1424H (31 July 2003).

¹³⁵ Available GDP data do not allow for the separation of financial and business services. According to the SAMA's *2020 Financial Stability Report*, at the end of 2019, employment in banking stood at 47,181; in the insurance sector at 11,213; and among finance companies at 5,498.

4.4.1.1 Banking

Structure

4.106. With 97% of the financial sector assets, the banking sector dominates the financial services sector; banking sector assets represented 88.4% of GDP at the end of 2019¹³⁶, increasing from 76.2% in 2014. The number of banks licensed in Saudi Arabia increased from 23 in 2014 to 29 in 2020. There are currently 12 commercially licensed domestic banks and 17 licensed foreign bank branches, after the State Bank of India asked for the cancellation of its licence.¹³⁷ Six of these 17 banks are branches of banks from other GCC member States. Four of the six banks that obtained licences over the review period have not yet started operations.¹³⁸ Following the merger of the Saudi British Bank and the Alawwal Bank in 2019, the National Commercial Bank (64.3% state-controlled) and the Samba Financial Group (49.6% state-controlled) agreed to a merger in late 2020, which would create the Middle East's third-largest lender in asset terms.

4.107. The sector remains concentrated, with the six largest banks still accounting for 75% of the total assets of the banking system, the same as five years ago (Table 4.19). Average return on equity was 13.9% in 2018. Financial services are increasingly imported and exported (Section 1.6.1.2), indicating an increase in effective competition and the ability of Saudi banks to compete.

Table 4.19 Banking sector 2014-18

	2014	2015	2016	2017	2018
Structure					
Number of licensed banks	23	23	24	25	29
Number of banks accounting for:					
25% of total assets	2	2	2	2	2
75% of total assets	6	6	6	6	6
Total assets (% of GDP)	75.2	90.0	93.3	89.9	80.5
Total loans (% of GDP)	44.1	55.5	57.9	54.1	48.6
Credit to private sector (% of GDP)	42.5	53.9	55.9	52.2	47.0
Total deposits, excluding interbank (% of GDP)	55.6	65.4	66.9	63.1	56.6
Capital adequacy					
Regulatory capital to risk-weighted assets	17.9	18.1	19.5	20.4	20.3
Asset quality					
Net loans to total assets	60.3	62.4	62.8	62.2	62.6
Gross NPLs to net loans	1.1	1.2	1.4	1.6	2.0
Total provisions to gross NPLs	182.9	164.4	177.0	151.9	157.2
Net NPLs to total capital ^a	-4.1	-3.7	-4.7	-3.4	-4.8
Total provisions for loan losses (% of total loans)	2.1	2.2	2.6	2.6	3.2
Contingent and off-balance-sheet accounts to total assets	100.2	100.8	84.2	76.2	71.3
Profitability					
Profits (% change)	12.5	6.3	-5.4	8.2	10.7
Average pre-tax return on assets	2.0	2.0	1.8	2.0	2.1
Return on equity	14.8	14.4	12.5	12.9	13.9
Non-interest expenses to total income	45.5	37.1	38.0	36.6	36.3
Average lending spread	3.5	3.4	3.5	3.5	3.9

a The negative sign reflects that provisions exceed gross NPLs.

Source: IMF (2019), *Saudi Arabia: 2019 Article IV Consultation—Press Release and Staff Report*, IMF Country Report No. 19/290.

¹³⁶ Information provided by the authorities.

¹³⁷ Under its terms of accession, Saudi Arabia undertook broad commitments in the area of banking, including allowing commercial presence of banks in the form of locally incorporated joint-stock companies (including joint ventures) or as branches of international banks. Non-Saudi participation in a joint venture is permitted up to 60%. WTO document WT/ACC/SAU/61/Add.2, 1 November 2005.

¹³⁸ These four banks are the Trade Bank of Iraq (July 2018), Standard Chartered Bank (February 2019), Credit Suisse Bank (December 2019), and Bank of China Limited (January 2020). The Mitsubishi UFJ Financial Group (January 2017) and the First Abu Dhabi Bank (March 2018) started operations.

4.108. Following strong growth in the share of credit to the private sector to GDP between 2011 and 2016 from 30% to nearly 56%, credit growth has been more subdued since, with the share falling back to 47% in 2018 (Table 4.19). The structure of bank lending shifted over the review period, with the share of credit to manufacturing falling from 13.2% in 2014 to 10.5% in 2019, and that of lending to mining and quarrying also declining. Lending for "commerce" fell slightly to 19.3% of total lending in 2019, while that for "other miscellaneous services" increased to 45.9% (Table 4.20). To "enhance productiveness and productive financing", the FSDP aims to increase the share of SME financing by banks from 2% in 2016 to 5% by 2020. According to the authorities, the share of bank financing to SMEs reached 8% in the third quarter of 2020. Finance companies lent 19% of their portfolio to SMEs in 2019, but these loans accounted for 44.2% of non-performing loans (NPLs), possibly reflecting the inherently riskier nature of SME lending.¹³⁹

Table 4.20 Bank credit to private sector, by economic activity, 2017-19

(SAR million)

	2017		2018		2019	
	Amount	Share	Amount	Share	Amount	Share
Agriculture and fishing	12,249	0.9	14,780	1.1	14,653	1.0
Manufacturing and production	162,939	12.1	172,858	12.4	156,754	10.5
Mining and quarrying	14,849	1.1	19,354	1.4	19,707	1.3
Water, electricity, gas and health services	51,836	3.8	52,171	3.8	61,049	4.1
Building and construction	89,642	6.6	97,326	7.0	92,850	6.2
Commerce	315,138	23.3	282,344	20.3	287,923	19.3
Transport and communications	48,388	3.6	43,282	3.1	51,237	3.4
Finance	35,608	2.6	37,313	2.7	41,465	2.8
Services	72,737	5.4	78,860	5.7	81,217	5.4
Other miscellaneous services	547,741	40.5	590,652	42.5	683,977	45.9
Total	1,351,127	100.0	1,388,940	100.0	1,490,833	100.0

Source: SAMA (2020), *56th Annual Report 1441H-2020*, Riyadh.

4.109. While overall credit to the private sector increased by 10% between 2015 and 2019, retail and corporate real estate loans increased by 60%, from SAR 185 billion in 2015 to nearly SAR 300 billion in 2019¹⁴⁰; increased lending to retail customers accounted for the bulk of the increase.¹⁴¹ Real estate lending by non-bank institutions also increased, from less than SAR 12 billion in 2015 to more than SAR 20 billion in 2019 (around 41% of the total non-bank financial-sector credit).¹⁴² The FSDP explicitly targets strong growth in mortgages issued by the financial sector to SAR 500 billion in 2020.¹⁴³

4.110. Banks remain well capitalized overall. The capital adequacy ratio (CAR) increased from 17.9% to 19.3% in 2019, well exceeding Basel III minimum requirements and indicating resilience across banks, although it did decline slightly since 2017. Banks at the lower end of the distribution still had CARs in excess of 16.0%.¹⁴⁴ Gross NPLs, however, increased from 1.1% of gross loans in 2014 to 1.9% in 2019, trending up across all major loan categories even prior to the COVID-19 crisis. In particular, NPLs in the construction sector increased significantly from below 3.0% in 2014 to more than 7.6% in 2019. In parallel, total provisions for loan losses increased from 2.1% of loans to 2.8% between 2014 and Q4 of 2019 (Table 4.19, and information provided by the authorities).

¹³⁹ SAMA, *2020 Financial Stability Report*. Viewed at: www.sama.gov.sa.

¹⁴⁰ SAMA (2020), *56th Annual Report 1441H-2020*, Riyadh.

¹⁴¹ According to the IMF, the share of mortgage lending in total lending to the private sector increased from 8% to 18% between 2011 and 2019.

¹⁴² Information provided by the authorities; and SAMA, *2020 Financial Stability Report*. Viewed at: www.sama.gov.sa.

¹⁴³ The IMF indicated that housing prices had been falling, potentially generating fiscal and financial risks from mortgage lending in the future. IMF (2019), *Saudi Arabia: 2019 Article IV Consultation—Press Release and Staff Report*, IMF Country Report No. 19/290.

¹⁴⁴ SAMA, *2020 Financial Stability Report*. Viewed at: www.sama.gov.sa. The ratio of risk-weighted assets to total assets also decreased from 87% in 2015 to 79% at the end of 2019.

The implementation of the net stable funding ratio (NSFR) was assessed by the Basel Committee on Banking Supervision as "compliant" in 2018¹⁴⁵; the NSFR stood at 126.6% at the end of Q3 2020.

4.111. During the review period, the use of electronic payments increased significantly, in line with government objectives spelled out in the FSDP. As sole supervisory authority for payment systems and services¹⁴⁶, the SAMA issued payment service provider regulations in January 2020 and updated them in August 2020. With eight companies licensed to provide payment services, cashless payments in the retail sector increased to 36% by July 2019¹⁴⁷, surpassing the FSDP target of 28% in 2020.

Regulatory changes

4.112. Over the reporting period, the SAMA further developed the regulatory framework for the banking sector in the areas of governance and transparency, improved prudential regulations, and reviewed the licensing of banks. In October 2017, the Government adopted the new Anti-Money Laundering Law and its Implementing Regulation, replacing an earlier framework¹⁴⁸, and the SAMA issued Business Continuity and Cyber Security Frameworks in the first half of 2017.¹⁴⁹ In 2019, the SAMA also issued the Code of Conduct and Work Ethics in Financial Institutions to increase consumer protection. It also approved the Whistle-blowing Policy for Financial Institutions, requiring such institutions to put in place mechanisms for reporting non-compliance.¹⁵⁰ Saudi Arabia's ranking in indicators of shareholder governance and investor protection improved greatly during the review period.¹⁵¹

4.113. Foreign banks continue to be allowed to operate in Saudi Arabia, either as a locally incorporated joint-stock company or as a branch of an international bank. In 2019, the SAMA issued revised licensing guidelines for banks under the Banking Control Law, 1966, which remains the main legislative text governing the banking sector.¹⁵² Under the guidelines, foreign bank branches are, in principle, subject to the same prudential requirements as locally incorporated banks.¹⁵³ Foreign bank branches are not required to maintain capital in Saudi Arabia but, under certain circumstances, the SAMA reserves the right to impose such capital requirements. The guidelines require preliminary discussions prior to submitting a licence application for review to the SAMA. The Regulations for Foreign Bank Branches were published in September 2019 in Circular No. 4922/67, and the SAMA also regulated "agent banking" in 2019. In 2020, the SAMA issued additional guidelines for digital-only banks, requiring such banks to be set up as incorporated joint-stock companies, to have a physical presence in the country, and to put in place adequate customer support.¹⁵⁴

4.114. To increase transparency, the SAMA updated disclosure requirements in July 2020, requiring banks to publish information on retail financing and savings products (for individuals and SMEs) in a detailed manner online and to provide clear information on all commissions and fees; it also requires that marketing information not be presented in a misleading way.¹⁵⁵

¹⁴⁵ BIS, *Basel Committee Assesses Saudi Arabia's Implementation of the NSFR Regulation and the Large Exposures Framework*. Viewed at: www.Bis.org/press/p180927.htm.

¹⁴⁶ As confirmed in Council of Ministers Resolution No. 226 (dated 02/05/1440H, 9 January 2019).

¹⁴⁷ SAMA, *2020 Financial Stability Report*. Viewed at: www.sama.gov.sa.

¹⁴⁸ Saudi Arabia approved the Anti-Money Laundering Law according to Royal Decree No. M/20 of 25 November 2017 and Ministerial Decision No. 80 of 24 October 2017 for the implementing regulations.

¹⁴⁹ The SAMA issued the Business Continuity Framework under Circular No. 381000058504, 28 February 2017 and the Cyber Security Framework under Circular No. 381000091275, 24 May 2017.

¹⁵⁰ The Code of Conduct and Work Ethics in Financial Institutions and the Whistle-blowing Policy for Financial Institutions were issued on 5 August 2019.

¹⁵¹ According to the World Economic Forum, the "strength of investor protection" and (after a change in variable) the "shareholder governance" increased strongly, with Saudi Arabia ranked 2nd in this category in the 2019 Global Competitiveness Report. Saudi Arabia also increased its ranking in the World Bank's Doing Business indicator for "Protecting Minority Investors", and was ranked 3rd in the 2020 Doing Business report.

¹⁵² SAMA, *SAMA Banking Licensing Guidelines and Minimum Criteria*, 7 January 2019. The Banking Control Law remains unchanged.

¹⁵³ The guidelines state that "except as explicitly stated in SAMA's Prudential Standards, foreign bank branches are subject to the same legislative and prudential requirements as locally incorporated banks".

¹⁵⁴ The Additional Licensing Guidelines and Criteria for Digital-Only Banks in Saudi Arabia, issued February 2020, apply in addition to the applicable general Banking Licensing Guidelines and Minimum Criteria.

¹⁵⁵ SAMA, *Disclosure of Interest Rates on Financing and Savings Products*, July 2020. Viewed at: <http://www.sama.gov.sa/en-us/laws/pages/bankingrulesandregulations.aspx>.

4.115. In January 2020, the SAMA issued Rules on the Management of Problem Loans, to support the rehabilitation of viable borrowers, ensure fair treatment of customers, and ensure banks have control over NPLs by developing NPL strategies. The Rules require banks to report all restructuring cases to the SAMA on a quarterly basis. The Deposit Insurance System has been in place since 2016 and is primarily funded through premiums paid by banks. The aim is to achieve a target size of 3% of total insured deposits over 10 years.¹⁵⁶ The SAMA became a member of the International Association of Deposit Insurers in 2019.

4.116. Following the establishment of CMA's FinTech Lab initiative in December 2017, the SAMA launched a "regulatory sandbox" in 2018 to facilitate the testing of innovative FinTech products. By September 2020, 32 FinTech companies had joined and, by March 2020, FinTech licences had been issued to four companies, all of which had participated in the sandbox. With the objective of expanding the variety of financial services available, the FSDP aimed to increase the number of licensed FinTech players to at least three by 2020, a target that was exceeded.

Islamic banking

4.117. From a regulatory point of view, banks assess and approve the Shariah-compliance of their products and services. In practice, this is done by internal (Shariah) boards within each bank. As a result, all banks are regulated using the same reporting requirements and, in principle, all banking activity is Islamic or Shariah-compliant.¹⁵⁷ While there is no official classification of banks into Shariah-compliant and conventional, four banks are run completely in accordance with Shariah, with other banks offering both conventional and Shariah-compliant products. Approximately 71.5% of banking sector assets were Shariah-compliant in 2019, an increase from 51.0% in 2016.¹⁵⁸

4.118. The General Authority of Zakat and Tax issued guidelines for Shariah-compliant financial products, and they are broadly comparable with those of conventional banks, ensuring similar rules for all banks.¹⁵⁹ In February 2020, the SAMA issued the "Shariah governance framework banks operating in the Kingdom". According to the authorities, the framework aims to establish minimum requirements for Shariah governance practices related to Islamic banking activities, and enhance banks' Shariah compliance practices.

4.4.1.2 Insurance

Structure

4.119. The SAMA regulates and supervises the insurance sector in accordance with the Cooperative Insurance Companies Control Law, 2003, and its regulations.¹⁶⁰ Insurance follows a "cooperative model" in Saudi Arabia¹⁶¹, a Shariah-compliant mechanism.¹⁶² In 2019, 32 insurance companies were operating in the market (less than in 2014), with the most important types of insurance, those related to health and motor vehicles, accounting for 82% of the market.¹⁶³ There is one Saudi reinsurance company.

4.120. Following three years of minimal or negative growth, the insurance sector expanded again in 2019, driven primarily by the health sector following the phasing-in of the mandatory unified health insurance scheme between 2016 and 2018. Gross written premium (GWP) reached SAR 37.8 billion in 2019, up from SAR 30.5 billion in 2014. Insurance accounted for 1.3% of GDP in 2019. The five largest insurance companies generated around 67% of GWP overall, but concentration

¹⁵⁶ IMF (2017), *Saudi Arabia: Financial System Stability Assessment*, IMF Country Report 17/318, p. 23.

¹⁵⁷ For an overview of Islamic banking, see Box 4.1 of WTO (2016), *Trade Policy Review of the Kingdom of Saudi Arabia*, Geneva.

¹⁵⁸ Information provided by the authorities.

¹⁵⁹ Fitch Ratings, *Saudi Islamic Banking Dominant; Asset Quality Weakened and Profitability Improved*.

Viewed at: <https://www.fitchratings.com/research/islamic-finance/saudi-islamic-banking-dominant-asset-quality-weakened-profitability-improved-04-09-2019>.

¹⁶⁰ SAMA, *Insurance*. Viewed at: www.sama.gov.sa/en-US/Laws/Pages/insurance.aspx.

¹⁶¹ For a detailed description of Saudi Arabia's cooperative insurance market, see WTO document WT/ACC/SAU/61, 1 November 2005, paras. 289-295.

¹⁶² The cooperative model is a Shariah-compliant form of insurance based on the cooperative sharing of risks, with contributions being repaid in case of loss; conventional insurance contracts transfer risks to the policy issuer.

¹⁶³ SAMA, *2020 Financial Stability Report*. Viewed at: www.sama.gov.sa.

varied across insurance activities, indicating varying levels of competition by insurance products.¹⁶⁴ Eighty insurance or reinsurance brokers accounted for 34% of premiums in 2019, as insurance aggregators expanded in that year, particularly for motor insurance where three licensed aggregators accounted for 15% of GWP.¹⁶⁵

4.121. Overall, profitability in the insurance sector remains "unsustainably low", according to the SAMA¹⁶⁶, as loss ratios remain high, particularly among smaller insurers and in the health sector, where prices for health services are increasing rapidly. On aggregate, returns on assets (equity) varied during the review period, and stood at 1.34% (5.27%) in 2019, with a large variation across firms.¹⁶⁷ As part of the FSDP under Vision 2030, the authorities aim to develop a sustainable and thriving insurance sector through enhancing and better enforcing the regulatory environment to drive consolidation and strengthen balance sheets.¹⁶⁸

4.122. While the insurance sector overall remains in a strong solvency position above regulatory requirements (continuing initial improvements reported in the last Secretariat report), six companies did not meet solvency requirements by the end of 2019. According to the authorities, the regulator has requested these companies to take remedial action.

4.123. The authorities consider that there are too many small insurance companies in the market, and are discussing increasing the minimum capital requirements. A first merger in the Saudi insurance sector took place in 2020, and others are under discussion. As part of the FSDP, the authorities committed to enhancing the existing merger rules to simplify the closure and merger of companies.

Regulatory changes

4.124. In December 2018, the SAMA issued new rules for the licensing and supervision of branches of foreign insurance and/or reinsurance companies in Saudi Arabia, to support the development of a stable and resilient financial sector as part of Vision 2030. Foreign insurance and reinsurance firms are now allowed to open a branch if they meet some, primarily prudential, conditions; some applications to open a branch have been received and are under review.¹⁶⁹ The SAMA also updated its requirements for appointments to senior positions in September 2019.

4.125. The SAMA updated the unified motor insurance policy in September 2019 to improve the protection of policy holders and beneficiaries of the insurance coverage, and complemented the policy with rules for leased vehicles in 2020. In December 2016, the SAMA issued instructions requiring insurance companies to offer no-claims discounts under certain conditions when pricing individual motor insurance policies. These offers seem part of broader efforts by the SAMA to ensure "fair treatment" of policy holders and to encourage the development of more widespread risk-based pricing in the industry.

4.126. In February 2020, to further develop the insurance sector, the SAMA issued rules governing insurance aggregation activities that spelled out requirements and controls for joint-stock or limited liability companies to obtain a licence to carry out online insurance aggregation activities. There are no foreign ownership limitations on such companies. This built on earlier efforts to facilitate access to insurance products in May 2015, when the SAMA issued rules governing bancassurance activities.

¹⁶⁴ According to the SAMA's *2020 Financial Stability Report*, the five largest companies accounted for 85% of GWPs in the health sector, but only 49% in the motor segment.

¹⁶⁵ SAMA, *the Saudi Insurance Market Report 2019*. Viewed at: www.sama.gov.sa. Insurance aggregators are considered InsurTech, and are encouraged as part of Vision 2030 and through the regulatory sandbox.

¹⁶⁶ SAMA, *2020 Financial Stability Report*, p. 5. Viewed at: www.sama.gov.sa.

¹⁶⁷ SAMA, *the Saudi Insurance Market Report 2019*. Viewed at: www.sama.gov.sa.

¹⁶⁸ Kingdom of Saudi Arabia, *Vision 2030, Financial Sector Development Program*. Viewed at: www.vision2030.gov.sa.

¹⁶⁹ Saudi Arabia undertook broad commitments on protection and savings insurance; non-life insurance (general and health insurance); reinsurance and retrocession; insurance intermediation (brokerage and agency); and services auxiliary to insurance (consultancy, actuarial, risk assessment, and claims settlement services) as part of its terms of accession. WTO document WT/ACC/SAU/61/Add.2, 1 November 2005.

4.4.1.3 Capital markets

4.127. As part of Vision 2030, the FSDP's second pillar aims to develop an advanced capital market for equity and debt, including a market for derivatives. Key activities under the Program include: (i) enhancing access by Qualified Foreign Investors (QFIs)¹⁷⁰ through the simplification of processes and increases in foreign equity caps; (ii) privatizing state-owned enterprises through initial public offerings (IPOs) (in some cases including to foreign investors); (iii) deepening debt markets; and (iv) improving the quality of audits of public companies.

4.128. The CMA regulates capital markets, and licenses financial market institutions, i.e. firms dealing in capital markets, managing funds, or providing ancillary services (including investment banks).¹⁷¹ During the review period, the CMA undertook a number of reforms to protect investors, open trading to non-resident foreigners, and deepen capital markets. As a result of these reforms, Saudi Arabia achieved inclusion of its main stock market (Tadawul) in three internationally renowned emerging market indices in 2019.¹⁷²

4.129. Since its establishment in 2007, the Tadawul has grown. Market capitalization increased from SAR 1.8 trillion in 2014 to SAR 9.0 trillion in 2019, primarily as a result of the Saudi Aramco IPO and the listing of additional companies, bringing the total number of listed companies to 202 in October 2020.¹⁷³ As a result, the stock market capitalization as a share of GDP increased from around 65% during most of the reporting period to 303% in 2019¹⁷⁴, with the Tadawul among the 10 largest stock markets in the world at the end of 2019. However, the stock market remains highly concentrated, with Saudi Aramco accounting for 79% of the total market capitalization, and the banking and materials sectors accounting for 57% of the remaining market capitalization by October 2020.¹⁷⁵ While capitalization increased, the number of transactions, traded shares, and value traded had been declining over the years prior to the Saudi Aramco IPO. They all increased by more than 100% during the first nine months of 2020 compared with the same period in 2019, although some of this increase could be attributable to the market turmoil in the wake of the COVID-19 pandemic. Saudi Aramco accounted for less than 5% of each.

4.130. Investment in Saudi capital markets continues to face restrictions, despite recent efforts to increase access by non-resident foreign investors to capital markets. While investment in equity markets is open to Saudi citizens, GCC nationals, and foreign residents, direct investment in the main market for non-residents remains primarily restricted to QFIs, ultimate beneficiaries in swap agreements, and Foreign Strategic Investors.¹⁷⁶ Non-GCC nationals that hold shares in public joint-stock companies traded on the equity market must still obtain permission from the CMA prior to buying or selling their shares.

4.131. Recent reforms further opened investment in equity markets. In February 2017, the CMA and the Tadawul launched a new parallel market with less stringent listing requirements, to simplify access to capital markets for SMEs in line with the Vision 2030 objective of increasing the share of SMEs in GDP. By October 2020, five companies were listed on the parallel market. Certain

¹⁷⁰ According to the amended Rules for Qualified Foreign Financial Institution Investment in Listed Securities (Resolution of the CMA Board 3-65-2019 of 14/10/1440H (17 June 2019), only licensed financial institutions with assets under management of more than USD 500 million can apply to become a QFI. Once approved, QFIs remain limited to owning 10% of shares or convertible debt instruments of one issuer, while *all foreign investors* jointly cannot own more than 49% of the shares of each issuer.

¹⁷¹ These financial market institutions were formally known as "authorized persons" prior to CMA Board Resolution No. 2-75-2020 of 22/12/1441H (12 August 2020), which amended and renamed the Authorized Persons Regulations to the Financial Market Institutions Regulation.

¹⁷² They are the MSCI Emerging Markets Index, the FTSE Russell Emerging Markets Index, and the S&P Emerging Broad Market Index.

¹⁷³ On 11 December 2019, Saudi Aramco's IPO, valued at USD 1.7 trillion, was the largest IPO ever completed; it listed shares amounting to 1.5% of its value on the Tadawul.

¹⁷⁴ World Bank, *World Development Indicators*. Viewed at: wdi.worldbank.org.

¹⁷⁵ Tadawul, *Statistical Report First Nine Months 2020*. Viewed at: <https://www.tadawul.com.sa/wps/portal/tadawul/markets/reports-%26-publications/periodical-publications?locale=en>.

¹⁷⁶ Instructions for the Foreign Strategic Investors Ownership in Listed Companies were issued by the CMA as Resolution No. 3-65-2019 in June 2019. Foreign Strategic Investors can invest directly via their investment account, and do not face general limitations on ownership of Saudi firms; however, sector-specific limitations remain in place (for example, in banking or insurance). Strategic investors can sell shares only after holding them for at least two years.

non-resident foreign investors with net assets of at least SAR 5 million are allowed to invest in this parallel market, according to CMA Board Resolution 4-95-2017 of 26/01/1439H (16 October 2017). In line with the amendments to the Investment Fund Regulations in 2016 that increased investor protection and diversified the type of available investment funds, non-resident foreign investors are also allowed to invest in ETFs, investment funds, and real estate investment traded funds (launched in 2016).¹⁷⁷

4.132. The CMA also undertook further regulatory reforms to deepen debt markets. In 2018, it started trading local currency bonds on the Tadawul. In 2019, it reduced the minimum trading size, to allow retail investors to participate. In August 2020, it issued a board resolution, allowing all foreign legal and natural persons to directly invest in debt instruments.¹⁷⁸ Prior to this change, only Saudi citizens, GCC nationals, foreign residents, and QFIs were permitted to trade in debt instruments.¹⁷⁹ Trading in bonds and *sukuks* (deeds and financial certificates) continued to grow, and 75 bonds and *sukuks* with a face value of nearly SAR 400 billion were listed in October 2020.

4.133. To develop capital markets further, the CMA introduced derivatives trading to the Tadawul in August 2020, initially only for futures on the Tadawul-30. All derivatives traded on the Tadawul are centrally cleared by the Securities Clearing Center Company (Muqassa).

4.4.2 Telecommunications

4.134. Vision 2030 identifies information and communication technology (ICT) infrastructure as critical to enhancing the competitiveness of the Saudi economy, and the Government aims to partner with the private sector to further develop the telecommunications sector. Supporting Vision 2030, the ICT Sector Strategy 2023 further outlines key strategic initiatives to transform the ICT sector, support technology localization, and grow the IT and emerging tech market.¹⁸⁰ According to the Strategy, the ICT sector is one of the major enablers of Vision 2030 and serves as the foundation for digitizing the Kingdom. The Strategy is linked to nine of the Vision Realization Programs, but most directly contribute to goals outlined in the National Transformation Program (NTP) and the National Industrial Development and Logistics Program (NIDLP). While the NTP focuses on improving the quality, sustainability, and size of the ICT sector and making access more inclusive, the NIDLP primarily aims to develop the enabling environment for "Industry 4.0" developments, with cloud computing and networking (among devices and for the Internet of Things) identified as key enablers.

4.135. Telecom companies operating in this well-developed sector¹⁸¹ created revenues of SAR 78.8 billion in 2019.¹⁸² Following the start of biometric SIM card registration in 2016, the number of mobile subscriptions and pre-paid cards per 100 inhabitants fell from 166 to around 121 in 2017, representing SIM cards actually in use.¹⁸³ At the same time, subscription rates for fixed-line telephony and Internet access increased between 2015 and 2019 (Table 4.21), and almost all (95.7%) of Saudi residents use the Internet.¹⁸⁴ The average download speed of mobile Internet increased significantly to 84.6 Mbps by October 2020¹⁸⁵, and Saudi Arabia was ranked 32nd in terms of cost for fixed-broadband telephony in 2019 by the International Telecommunication Union (ITU). A universal access and service policy is in place. The Universal Service Fund financed telecom infrastructure and service in rural and remote areas inhabited by 4.8 million people until 2017, when

¹⁷⁷ Investment in real estate funds in the cities of Mecca and Medina remains restricted to Saudi nationals.

¹⁷⁸ CMA, *Allowing Foreigners to Invest Directly in Debt Instruments*. Viewed at: https://cma.org.sa/en/Market/NEWS/Pages/CMA_N_2770.aspx. However, converting such instruments into shares is subject to the same restrictions as directly investing in shares.

¹⁷⁹ The 2019 IMF Article IV report states that the "first foreign investor had been permitted into the debt market". IMF (2019), *Saudi Arabia: 2019 Article IV Consultation—Press Release and Staff Report*, IMF Country Report No. 19/290.

¹⁸⁰ Ministry of Communications and Information Technology, *ICT Sector Strategy 2023: Saudi Arabia*. Viewed at https://www.mcit.gov.sa/sites/default/files/strategy_summary.pdf.

¹⁸¹ Saudi Arabia ranks 45/121 in the Network Readiness Index (NRI) and 38/141 in "ICT adoption" in the World Economic Forum's 2019 Global Competitiveness Report.

¹⁸² Information provided by the authorities.

¹⁸³ Not all SIM cards that had been issued before were registered.

¹⁸⁴ ITU World Telecommunication/ICT Indicators Database.

¹⁸⁵ Speedtest, *Speedtest Global Index: Saudi Arabia*. Viewed at: <https://www.speedtest.net/global-index/saudi-arabia#mobile>.

it was replaced by new initiatives as part of the NTP.¹⁸⁶ High-speed mobile broadband covered 70% of the population in rural areas at the end of 2020.

4.136. The provision of telecom services is competitive overall, with three mobile operators (Saudi Telecommunications Company (STC), Etihad Etisalat (Mobily), and Mobile Telecommunication Company Saudi Arabia (Zain)) holding unified licences and owning mobile networks, and two additional mobile virtual network operators (MVNOs) (Virgin Mobile and Lebara) providing services. In early 2020, the regulator (the Communications and Information Technology Commission (CITC)) issued a request for applications for two additional MVNO licences, open to consortia having a foreign partner¹⁸⁷, and later extended the deadline for applications by seven months in total. The number of fixed-line operators increased from two in 2016 to five in 2019¹⁸⁸, while seven operators provide Internet services. The market share of the top (as well as of the top three) mobile and Internet service providers declined during the review period, indicating competition. Saudi Arabia (like other GCC member States) was an early adopter of 5G, and two operators (STC and Zain) launched 5G networks in 2019, while the third (Mobily) launched one in 2020.

Table 4.21 Telecommunications indicators, 2015-19

	2015	2016	2017	2018	2019
Subscriptions (including pre-paid) per 100 inhabitants					
Fixed-line telephony	11.81	13.07	14.08	15.99	15.95
Mobile telephony	166.46	147.74	121.48	122.57	120.51
Internet	125.23	93.34	109.68	131.33	134.5
Number of active providers					
Fixed-line	2	2	4	4	5
Mobile	5	5	5	5	5
Internet	7	7	7	7	7
Market share of top provider					
Fixed-line	98.7%	97.1%	97.2%	97.4%	98.7%
Mobile	58.6%	49.6%	53.0%	48.3%	50.0%
Internet	44.5%	48.9%	48.9%	43.2%	40.9%
Market share of top three providers					
Fixed-line	100%	100%	100%	100%	100%
Mobile	97.0%	92.9%	92.1%	89.3%	89.3%
Internet	98.6%	93.4%	93.1%	90.1%	89.5%

Source: Information provided by the authorities.

4.137. According to the ITU, prices for service bundles are affordable, with prices for an internationally comparable mobile data basket at 1% of GNI per capita and for a fixed-broadband basket at 1.2% of GNI per capita. Compared with peers, Saudi Arabia ranks between 41st and 58th in terms of cost relative to per capita income (Table 4.22). For the STC, a dominant service provider in the market¹⁸⁹, tariff increases and price changes that do not pass a cost-related test require retail tariff approval by the CITC, while other price changes by the dominant service provider and all changes by other providers need to be notified to and can be rejected by the CITC for reasons of price discrimination or anti-competitive pricing.¹⁹⁰ Wholesale tariff changes by the dominant service provider require approval as well.

¹⁸⁶ The NTP contains an initiative to stimulate deployment of ICT services in remote areas.

¹⁸⁷ The largest foreign partner is required to own at least 15% of a consortium's share capital.

¹⁸⁸ Zain and Mobily entered the market in 2016 after obtaining unified licences, and in 2019, the CITC issued a fixed telecommunication licence to Integrated Telecom Company.

¹⁸⁹ The CITC designated the STC as a dominant service provider, according to CITC Decision No. 277/1431 from 2010. Viewed at: www.citc.gov.sa/en/Decisions/Pages/277-1431.aspx.

¹⁹⁰ The CITC adopted revised Retail Telecommunications Tariff Regulations on 15/10/1441H (7 June 2020).

Table 4.22 Pricing data for mobile telephony, 2019

Type of basket	Rank	as % of GNI p.c.	USD	PPP\$	Monthly voice call allowance (in minutes)	Monthly SMS allowance	Monthly data allowance (in MB)	Tax rate included
High consumption mobile data and voice basket	41	1.2	22.00	45.14	500	70	2,000	5.0
Low consumption mobile data and voice basket	52	1.0	18.67	38.30	500	20	2,000	5.0
Mobile voice basket	46	0.7	11.87	24.35	n.a.	n.a.	n.a.	5.0
Mobile data basket	58	1.0	17.33	35.57	n.a.	n.a.	2.0	5.0

n.a. Not applicable.

Source: ITU (2019), *Measuring Digital Development: ICT Price Trends 2019*.

4.138. The Telecommunications Act, 2001, and its Bylaws remain unchanged and set out the regulatory framework for the telecommunications sector, with the CITC as the ICT regulator according to the CITC Ordinance (last amended in 2003).¹⁹¹ The Ministry of Communications and Information Technology sets the overall policy framework for the communications and ICT sector. During the review period, the CITC introduced many regulatory changes aimed at increasing competition and attracting investment (see below). In 2018, royalty fees for telecommunication services were also adjusted in a deal that saw telecom operators commit to additional investment in infrastructure.

4.139. The CITC manages the radio spectrum based on a national frequency plan, making it available to users through licensed (exclusive use) or unlicensed (non-exclusive use) spectrum. Since 2017, the CITC licensed an additional 800 MHz of frequency bands (largely for 5G), and with 1110 MHz of IMT spectrum licensed to five operators. Saudi Arabia is ranked second among G20 countries for total spectrum allocated for telecommunication services.¹⁹² As outlined in the NTP under Vision 2030, the CITC issued its 2020-25 National Spectrum Strategy in early 2020, aiming to increase access to radio spectrum to support innovation and competition in the sector. In July 2020, the CITC launched public consultations to establish a roadmap for what, when, and how different frequency bands will be available for release and use in the future, a process ongoing at the time of writing.

4.140. The licensing framework consists of two types of telecommunication licences: Facility-Based Provider (FBP) individual licences and multiple "class licences". Individual licences include a technology- and service-neutral unified licence¹⁹³ (introduced in 2016, three issued¹⁹⁴), a fixed services licence (two issued), and a data service provider licence (one issued). Class licences are issued to authorize more than one service-based provider to offer specific services, imposing identical conditions on all licensees for the specific service authorized. Where specific telecom services are covered by class licences, FBPs are also required to obtain relevant class licences before offering such service(s). The CITC is permitted to limit the number of some class licences and allocate them using defined procedures (Class A)¹⁹⁵, while other licences (Class B) may not be restricted in

¹⁹¹ In 2019, the CITC also assumed the regulatory and supervisory functions of the postal sector. CITC, *About CITC, Roles and Responsibilities*. Viewed at: www.citc.gov.sa/en/aboutus/pages/visionandmission.aspx.

¹⁹² CITC, *KSA Ranked 2nd of G20 Countries in Allocation of Globally Identified Frequency Banks for Providing Public Mobile Telecommunication Services*, 10 July 2019. Viewed at: www.Citc.gov.sa/en/mediacenter/pressreleases/pages/2019071001.aspx.

¹⁹³ A unified license allows FBPs to provide a wide range of fixed, mobile, data, and other services.

¹⁹⁴ In 2016, the CITC issued unified licences and extended their duration to two operators other than the incumbent.

¹⁹⁵ Class A licences are required for MVNOs and Internet-of-Things Virtual Network Operators. The Rules and Conditions for MVNO Services and IoT-NVO Services Provision document was approved on 27 October 2018 under Decision No. 399/1440.

number or allocated competitively.¹⁹⁶ Given technical developments and past incremental changes to the licensing framework, the CITC started to review the licensing regime more generally in 2018 in order to align it with international best practices. Following public consultations in 2019¹⁹⁷, the CITC aims to introduce a new licensing framework in 2021, which would consist of: (i) individual licences (including unified, wholesale, and carrier service provider licences); and (ii) a general class licence. Existing licences will be transferred to the new framework. Portability has been available for mobile numbers since 2006 and for fixed numbers since the third quarter of 2020.

4.141. General provisions for interconnection and access are defined in the CITC statutes and interconnection rules (last updated in 2016¹⁹⁸), aiming to ensure fair and non-discriminatory provision of interconnection services to support competition. They also require the STC, as dominant service provider, to prepare a reference interconnection offer (RIO) defining a standard set of commercial, technical, and operational conditions through which interconnection services are provided. In 2020, the CITC approved an updated RIO issued by the STC. During the review period, the CITC complemented the interconnection rules with a Regulatory Framework on Interconnection for IP Based Networks, International Cable Landing Points, and Leasing of Dark Fiber. To promote fair competition, the CITC significantly reduced the maximum price for termination fees for both fixed and mobile calls in 2017 and 2020.

4.142. The regulatory environment provides for the sharing of physical infrastructure¹⁹⁹, and in January 2016, the CITC issued revised guidelines for access to physical facilities.²⁰⁰ The guidelines provide the basis for mutually agreed access agreements and set out rules for requesting access to telecom infrastructure and passive network elements. Facility owners are required to respond to such requests and provide negotiated access with few exceptions, and the guidelines also require the dominant service provider to provide a Reference Access Offer if requested by the CITC. In 2018, the CITC issued Rules for ICT Infrastructure Provision and Deployment in New Developments, encouraging coordination among stakeholders for the roll-out of ICT infrastructure and promoting competition in the provision of ICT infrastructure and services.²⁰¹ The CITC also launched a new licence for the provision of wholesale infrastructure services in 2018²⁰², and issued guidelines and rules for Fiber Wholesale Bitstream Access Agreements in 2019.²⁰³ In mid-2020, based on these guidelines, an open access agreement among all telecom service providers for the provision of fibre-to-the-home broadband services independent of fibre infrastructure ownership entered into force, covering over 3.5 million households.²⁰⁴

4.143. Other regulatory changes during the review period were based on priorities outlined in Vision 2030 and the ICT Sector Strategy, and include establishing regulatory frameworks: (i) for cloud computing (including localization requirements for certain sensitive data) in 2019 and the Internet of Things in September 2019; (ii) that revised the Quality of Service Framework in 2018 to ensure minimum acceptable levels of service; (iii) for mergers and acquisitions in 2018; and (iv) that updated regulations to reduce spam in 2018.²⁰⁵

¹⁹⁶ Investors can currently apply for 15 Class B licences to provide communication and information technology services. CITC, *Investors Guide for Class B Licenses*. Viewed at: www.citc.gov.sa/ar/services/licensing/documents/investorguideen.pdf.

¹⁹⁷ CITC, *A Public Consultation Document on the Proposed Regulatory and Licensing Framework*, April 2019. Viewed at: www.Citc.gov.sa/en/new/publicConsultation/Documents/144006_1_E.pdf.

¹⁹⁸ See Decision No. 333/1437 from 18 January 2016, approving the Interconnection Rules document.

¹⁹⁹ See Article 36 of the Telecom Act and Article 28 of the Telecom Bylaw.

²⁰⁰ See Decision No. 333/1437 from 18 January 2016, approving the Rules for Access to Physical Facilities document.

²⁰¹ See Decision No. 392/1439 from 27 June 2018 approving the Rules for ICT Infrastructure Provision and Deployment in New Developments. "New Developments" refers to new real estate developments.

²⁰² CITC, *Communications and Information Technology Commission Launches a New License for Wholesale Infrastructure Services*, 19 July 2018. Viewed at: <https://www.citc.gov.sa/en/mediacenter/pressreleases/Pages/2018071901.aspx>.

²⁰³ See Decision No. 412/1441 from 27 November 2018, approving the Fiber Bitstream Rules and Guidelines.

²⁰⁴ CITC, *Broadband Services in Saudi Arabia Set to Receive Significant Boost from New Open Access Initiative*, 23 February 2020. Viewed at: <https://www.citc.gov.sa/en/mediacenter/pressreleases/Pages/2020022301.aspx>.

²⁰⁵ See Cloud Computing Regulatory Framework (Version 2) adopted 12 February 2019; CITC Decision No. 391/1439 from 27 June 2018, replacing the Quality of Service Framework; Procedural Rules for Mergers

4.144. As part of its accession to the WTO, Saudi Arabia committed to the telecom reference paper, while reserving the right to limit the foreign equity share of commercially present telecom service suppliers to between 60 and 70%, following a transition period until 2008. There are no limitations on national treatment for cross-border supply, consumption abroad, or commercial presence. Since 2016, there have been no foreign equity limitations for retail and wholesale operations (including in the telecommunications sector), although requirements for the share of Saudi employees (Nitiqat) are in place and depend on the size of the firm in the telecom sector.

E-commerce

4.145. The Ministry of Commerce and Investment (MOC) issued an E-Commerce Law that became effective in October 2019 with implementing regulations adopted and implemented from 31 January 2020.²⁰⁶ The Law regulates e-commerce between consumers in Saudi Arabia and service providers based anywhere in the world (including transactions between individuals), and contains clauses on consumer data protection, transparency in contracting and electronic advertisements, consumer rights (including returns and cancellations under certain circumstances), and licensing/registration requirements for traders and electronic platforms. According to the authorities, the new framework increased trust in online transactions and facilitated consumers raising cases related to e-commerce to the authorities as a result of a strengthened consumer protection framework.

and Acquisitions in Communications and Information Technology Sector adopted 1439H (2018); and Decision No. 395/1439 from 16 July 2018 approving the Regulation for Reduction of SPAM, respectively.

²⁰⁶ The Electronic Commerce Law was issued by Royal Decree No. M/126 on 10 July 2019 and entered into force on 24 October 2019.

5 APPENDIX TABLES

Table A1. 1 Merchandise exports by HS sections and major HS chapters/subheadings, 2015-19

HS Section	2015	2016	2017	2018	2019
Total exports (USD million)	203,550.2	183,579.5	221,835.0	294,373.5	261,603.3
	(% of total)				
01 Live animals and products	0.8	0.9	0.8	0.5	0.6
02 Vegetable products	0.2	0.2	0.2	0.1	0.2
03 Fats and oils	0.1	0.1	0.1	0.1	0.1
04 Prepared food, beverages and tobacco	0.8	0.9	0.7	0.5	0.6
05 Mineral products	75.3	74.4	77.0	79.0	77.0
06 Chemicals and products thereof	7.7	7.3	6.4	6.8	7.1
07 Plastics and rubber	7.6	8.1	7.8	7.2	7.4
08 Raw hides and skins; leather, fur skins and articles thereof	0.0	0.0	0.0	0.0	0.0
09 Wood, cork, straw	0.0	0.0	0.0	0.0	0.0
10 Pulp of wood; paper and paperboard	0.4	0.4	0.3	0.3	0.3
11 Textiles and textile articles	0.3	0.3	0.2	0.2	0.2
12 Footwear, headgear, etc.	0.0	0.0	0.0	0.0	0.0
13 Articles of stone, plaster, cement	0.3	0.3	0.2	0.2	0.2
14 Precious stones and metals	0.3	0.7	0.5	0.3	0.6
15 Base metals and articles thereof	2.0	2.1	1.9	1.9	1.7
16 Machinery, electrical equipment	1.4	1.5	1.2	1.1	1.2
17 Transport equipment	2.3	2.3	2.1	1.4	2.3
18 Precision equipment	0.1	0.1	0.1	0.1	0.1
19 Arms and ammunition	0.2	0.1	0.0	0.0	0.0
20 Miscellaneous manufactured articles	0.2	0.2	0.2	0.1	0.2
21 Works of art, etc.	0.0	0.1	0.1	0.1	0.2

Source: WTO Secretariat's calculations, based on General Authority for Statistics data. Viewed at: <https://www.stats.gov.sa/en>.

Table A1. 2 Merchandise imports by HS sections and major HS chapters/subheadings, 2015-19

HS Section	2015	2016	2017	2018	2019
Total exports (USD million)	174,675.6	140,169.6	134,519.1	137,064.7	153,163.1
			(% of total)		
01 Live animals and products	3.7	3.8	3.7	3.6	3.4
02 Vegetable products	5.2	5.8	6.3	6.5	5.4
03 Fats and oils	0.5	0.7	0.7	0.7	0.6
04 Prepared food, beverages and tobacco	4.7	5.9	5.6	5.1	4.8
05 Mineral products	1.4	2.0	3.3	4.2	3.1
06 Chemicals and products thereof	8.4	9.2	10.0	10.2	9.4
07 Plastics and rubber	3.4	3.5	3.4	3.5	3.6
08 Raw hides and skins; leather, fur skins and articles thereof	0.3	0.4	0.4	0.4	0.4
09 Wood, cork, straw	1.0	0.9	0.8	0.8	0.8
10 Pulp of wood; paper and paperboard	1.3	1.3	1.4	1.4	1.2
11 Textiles and textile articles	3.3	3.8	3.8	3.6	4.0
12 Footwear, headgear, etc.	0.6	0.8	0.7	0.7	0.7
13 Articles of stone, plaster, cement	1.4	1.4	1.4	1.3	1.3
14 Precious stones and metals	3.3	2.1	2.2	2.2	2.4
15 Base metals and articles thereof	9.8	9.0	8.7	8.6	8.5
16 Machinery, electrical equipment	27.2	24.6	24.1	22.0	20.9
17 Transport equipment	18.4	17.9	15.9	16.7	20.6
18 Precision equipment	2.6	2.5	2.8	3.1	2.9
19 Arms and ammunition	1.3	2.0	2.1	2.1	1.7
20 Miscellaneous manufactured articles	2.3	2.3	2.4	2.3	2.4
21 Works of art, etc.	0.0	0.0	0.0	0.9	1.9

Source: WTO Secretariat's calculations, based on General Authority for Statistics data. Viewed at: <https://www.stats.gov.sa/en>.

Table A1. 3 Merchandise exports by destination, 2015-19

	2015	2016	2017	2018	2019
Total exports (USD million)	203,550.2	183,579.5	221,835	294,373.5	261,603.3
	(% of total)				
Americas	12.4	11.4	10.1	10.7	6.9
United States	10.5	9.7	8.3	8.7	5.0
Other America	1.9	1.8	1.8	2.0	1.9
Canada	0.8	0.7	0.9	1.0	1.0
Europe	13.5	13.4	13.1	14.9	14.5
EU-28	12.1	11.9	11.7	13.5	13.1
Netherlands	1.7	2.0	2.4	3.2	2.8
Belgium	1.9	2.4	1.9	2.7	2.2
Spain	1.8	1.6	1.7	1.7	1.7
France	2.1	1.9	1.5	1.8	1.6
Italy	1.6	1.5	1.6	1.7	1.5
EFTA	0.1	0.2	0.2	0.2	0.2
Other Europe	1.4	1.2	1.1	1.2	1.1
Turkey	1.4	1.2	1.2	1.2	1.1
Commonwealth of independent states (CIS)	0.0	0.0	0.0	0.1	0.1
Africa	6.1	6.2	7.1	6.1	6.9
Egypt	2.0	2.0	2.3	1.8	2.6
South Africa	1.3	1.6	1.8	1.6	1.5
Middle East	12.7	13.9	13.5	11.3	11.0
United Arab Emirates	5.3	6.6	6.9	5.6	5.2
Bahrain, Kingdom of	2.7	2.6	2.6	2.5	2.8
Jordan	1.5	1.3	1.2	1.1	1.0
Asia	55.2	55.1	56.2	57.0	60.5
China	12.1	11.7	11.7	13.3	18.3
Japan	10.6	10.6	12.1	11.2	10.2
Other Asia	32.5	33.0	32.4	32.6	32.0
India	9.4	9.4	8.9	8.9	10.3
Korea, Republic of	8.7	8.3	8.9	8.8	8.0
Singapore	3.8	4.8	4.2	3.9	3.3
Chinese Taipei	3.1	2.9	2.6	2.5	2.7
Thailand	1.8	2.1	2.1	2.0	1.9
Indonesia	1.3	1.2	1.2	1.2	1.3
Malaysia	1.0	1.0	1.0	1.1	1.2
Pakistan	1.3	1.2	1.3	1.1	1.0
Other	0.0	0.0	0.0	0.0	0.0
Memo:					
Gulf Cooperation Council (GCC)	10.4	11.7	11.3	9.3	9.1

Source: WTO Secretariat's calculations, based on General Authority for Statistics data. Viewed at: <https://www.stats.gov.sa/en>; and information provided by the authorities.

Table A1. 4 Merchandise imports by origin, 2015-19

	2015	2016	2017	2018	2019
Total imports (USD million)	174,675.6	140,169.6	134,519.1	137,064.7	153,163.1
	(% of total)				
Americas	17.8	19.1	17.9	18.5	17.5
United States	13.7	14.8	13.5	13.7	12.4
Other America	4.0	4.3	4.3	4.7	5.1
Canada	1.0	0.8	0.8	1.2	1.7
Brazil	1.8	2.0	2.0	1.7	1.5
Europe	30.0	30.1	30.7	29.5	27.6
EU-28	25.6	25.9	27.0	25.8	23.5
Germany	7.0	6.5	5.9	5.5	4.8
France	3.1	3.5	4.3	3.8	3.5
Italy	3.0	3.3	3.4	3.1	2.9
United Kingdom	2.9	2.4	2.3	2.3	2.1
Netherlands	1.0	1.1	1.1	1.3	1.5
Spain	1.5	1.9	1.9	1.8	1.4
EFTA	2.5	1.9	1.4	1.6	2.0
Switzerland	2.3	1.7	1.3	1.4	1.2
Other Europe	2.0	2.3	2.3	2.0	2.1
Turkey	1.9	2.3	2.2	2.0	2.1
Commonwealth of independent states (CIS)	1.3	1.1	1.3	1.7	1.6
Africa	3.5	3.6	3.8	3.0	3.6
Egypt	1.3	1.5	1.7	1.1	1.8
Middle East	8.5	9.0	10.0	12.1	10.9
United Arab Emirates	5.1	5.5	6.5	8.5	6.9
Oman	0.7	0.8	1.0	1.1	1.2
Bahrain, Kingdom of	1.1	1.0	1.0	1.2	1.1
Asia	38.8	37.0	36.3	35.2	38.8
China	14.1	14.4	15.3	15.9	18.4
Japan	5.7	5.3	4.1	4.0	4.4
Other Asia	19.0	17.4	16.9	15.3	16.0
India	3.4	3.7	4.0	4.1	4.3
Korea, Republic of	5.7	4.4	3.9	3.2	2.7

Source: WTO Secretariat's calculations, based on General Authority for Statistics data. Viewed at: <https://www.stats.gov.sa/en>.

Table A3. 1 Import licensing regime, 2020

HS code	Description	Licensing authority
25 01 00 30	Sodium chloride	Ministry of Interior
27.12, except	Paraffin, Vaseline	
27 12 10 00		
31 02 30 00	Explosives, fireworks, gunpowder, propellant powders, prepared explosives, detonating fuses, percussion or detonating caps, igniters, electric detonators, safety fuses, sulphate turpentine oils, polymethyl methacrylate, cellulose nitrates, aluminium powders and flakes, magnesium powder and flakes	
31 02 50 00		
36 01 00 00		
36 02 00 00		
36 03 00 10		
36 03 00 90		
25 01 00 30		
35 03 00 10		
38 05 10 00		
39 06 10 00		
39 12 20 00		
76 03 20 00		
81 04 30 00		
36 04 10 00			Lighting fireworks for occasions
Chapter 93	Arms and ammunitions	
Chapters 28 and 29	Chemicals used in explosives	
ex 87.03	Armoured vehicles	
ex 58 07 10 00	Military uniforms, military badges, etc.	
ex 58 07 90 00		
ex 61 01		
ex 61 03		
ex 62 01		
ex 62 03		
65 05 90 94	Peak caps	
65 06 10 30	Helmets, for military use	
ex 73 26 90 99	Other items of iron and steel, for military use	
83 01 40 20	Security equipment such as security surveillance	
85 25 40 00	Security cameras, CTV systems, anti-theft alarm systems	
85 43 89 20	Metal detectors not for use in civil aircraft	
85 31 10 00	Magnetic card or thumb impression operated	
90 22 19 90	Access/exit doors and equipment, metal	
90 22 19 10	Detecting doors and equipment, baggage screening equipment	
84 59 61 00	Key cutting, copying and repairing machines and instruments of any type	
84 59 69 00	Key cutting, copying and repairing machines and instruments of any type	
	Public bid insurance samples	
	Early warning sirens	
	Surveillance systems "K9"	
	Traffic safety devices	
	Chemicals imported by commercial facilities	Ministry of Commerce
	Chemicals regulated under the Convention on the Prohibition of Chemical Weapons imported by commercial facilities	
	Distillation equipment imported by commercial facilities	
	Chemicals imported by oil and electricity companies	Ministry of Energy
Chapter 27	All petroleum products items	
	Chemicals imported by industrial plants	Ministry of Industry and Mineral Resources
	Chemicals regulated under the Convention on the Prohibition of Chemical Weapons imported by industrial plants	
	Distillation equipment imported by industrial plants	
84 24 81 10	Irrigation equipment	Ministry of Environment, Water and Agriculture
84 24 81 20		
84 24 81 30		
84 24 81 90		
82.01		
84 13 19		
84 13 19 90	Agricultural tractors	
	Water pumps	

HS code	Description	Licensing authority
84 13 80 84 38 11 00 84 38 20 00 84 32 10 00 84 32 21 00 84 32 29 00 84 32 30 00 84 32 40 00 84 32 80 00 84 33 11 00 84 33 20 00 84 33 30 00 84 33 40 00 84 33 51 00 84 33 52 00 84 33 59 00 84 33 60 00 31.02 31.03 31.04 31.05, except 31 02 30 00 and 31 02 50 00 06 02 20 10 38 08 30 00	Ploughing machinery Seeders Harvesting machinery Chemical fertilizers Chemical fertilizers Chemical fertilizers Chemical fertilizers Date palm, and seedlings thereof Herbicides, anti-sprouting products, plant-growth regulators Live animals and horses, doves, terrestrial birds, rabbits, and animal semen Chemical materials used in the preparation or composition of agricultural pesticides, soil conditioners, fertilizers, veterinary medicines Chemicals used by agricultural research centers or wastewater research laboratories and centers, also chemicals used in water and wastewater treatment and the relevant stations Chemicals used in desalination of salt water and materials used in drilling wells	
Chapters 26, 28, and 29 Different headings, in addition to any other relevant headings	Chemicals involved in the remanufacturing of medical preparations, required by health organizations and non-radioactive reagents, and precursors Medicines, for veterinary use Medicines, for veterinary use Preparations for the animal forage Chemical precursors Unregistered epidermal medicaments Pharmaceutical preparations and supplies for clinical studies Unregistered (or pending registration) veterinary preparations Distillation equipment imported by medical facilities Equipment and products of public medical emergency cases Cosmetics Poultry, fish and table egg products Epidermal medicines for personal use Fodder and fodder products Primary products/materials used in manufacturing local medical equipment and products Laboratory and diagnostic devices "reagents" Medical devices and products, and non-medical laboratory reagents for education or non-clinical research purposes Imports of medical devices or products for the sole purpose of display or training Imported or manufactured to order medical devices and products for personal use	
Chapters 28 and 29 ex 30.03 ex 30.04 23 09 90 50	Chemicals involved in the remanufacturing of medical preparations, required by health organizations and non-radioactive reagents, and precursors Medicines, for veterinary use Medicines, for veterinary use Preparations for the animal forage Chemical precursors Unregistered epidermal medicaments Pharmaceutical preparations and supplies for clinical studies Unregistered (or pending registration) veterinary preparations Distillation equipment imported by medical facilities Equipment and products of public medical emergency cases Cosmetics Poultry, fish and table egg products Epidermal medicines for personal use Fodder and fodder products Primary products/materials used in manufacturing local medical equipment and products Laboratory and diagnostic devices "reagents" Medical devices and products, and non-medical laboratory reagents for education or non-clinical research purposes Imports of medical devices or products for the sole purpose of display or training Imported or manufactured to order medical devices and products for personal use	Saudi Food and Drug Authority

HS code	Description	Licensing authority
	Medical international samples for quality and proficiency testing Medical imaging materials Biomedical products Public health pesticides	
85 25 20 11	Transmission apparatus for military purposes	
85 25 20 19	Transmission apparatus whose operation requires a frequency assignment from MCIT	
85 25 20 30	Transmission apparatus whose operation requires a frequency assignment from MCIT	
85 25 20 40	Transmission apparatus whose operation requires a frequency assignment from MCIT	
85 25 20 50	Transmission apparatus whose operation requires a frequency assignment from MCIT	Ministry of Communications and Information Technology
85 25 20 60	Transmission apparatus whose operation requires a frequency assignment from MCIT	
85 25 20 90	Video boosters whose operation requires a frequency assignment from MCIT	
85.26 in addition to any other relevant heading	Transmission apparatus whose operation requires a frequency assignment from MCIT	
85 42 10 00	Mobile telephone chips and prepaid mobile phone cards	
	Distribution, sale, and rental of audiovisual media content Cinematic films, videos and television programs Media content receivers and their accessories destined for distribution or retail sale	General Commission for Audiovisual Media
01 01 10 10	Arabian breed, pure-bred horses	Equestrian Club
01 01 10 20		
01 01 90 10		
01 01 90 20		
84 72 30 00	Postage franking machines	Saudi Post
89 02 00 00	Fishing vessels	Border Security
	Cultural and archaeological property	General Directorate of Archaeology and Museums
	Products containing currency pictures, models or wrappers in shape of currency or otherwise	Saudi Arabia Monetary Authority
	Wild animals, plants and their products thereof, according to CITES	National Center for Wildlife Development
	Refrigerant devices, technologies and instruments Hazardous waste	National Center for Environmental Compliance
Chapters 26, 28, and 29 Different headings, in addition to any other relevant headings	Chemical materials used in the preparation or composition of agricultural pesticides, soil conditioners, fertilizers, veterinary medicines Chemicals used by agricultural research centers or wastewater research laboratories and centers, also chemicals used in water and wastewater treatment and the relevant stations Chemicals used in desalination of salt water and materials used in drilling wells	National Center for Environmental Compliance (for chemicals falling within its competence)

Source: Information provided by the authorities.

Table A3. 2 Products affected by standards and technical regulations, 2016-20

Technical regulation and items	International HS Code
Group 1: Low-voltage electrical equipment and appliances	
Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters	841451 / 841459 / 841460 / 841480 / 841490 / 841581 / 841582 / 841583 / 841590
Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus, for liquids or gases	842111 / 842112 / 842119 / 842139 / 842191 / 842199
Dish washing machines; machinery for cleaning or drying bottles or other containers; machinery for filling, closing, sealing, or labelling bottles, cans, boxes, bags, or other containers; machinery for capsuling bottles, jars, tubes, and similar containers	842211 / 842219 / 842220
Electric instantaneous or storage water heaters and immersion heaters; electric space heating apparatus and soil heating apparatus; electro-thermic hair-dressing apparatus (for example, hair dryers, hair curlers, curling tong heaters) and hand dryers	851610 / 851660 / 851671 / 851679 / 851680
Electric motors and generators (excluding generating sets)	850110 / 850120 / 850131 / 850132 / 850133 / 850134 / 850140 / 850151 / 850152 / 850153 / 850161 / 850162 / 850163 / 850164
Electric filament or discharge lamps, including sealed beam lamp units and ultra-violet or infra-red lamps; arc-lamps; light-emitting diode (LED) lamps	853910 / 853921 / 853922 / 853929 / 853931 / 853932 / 853939 / 853941 / 853949 / 853950 / 853990
Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits (for example, switches, fuses, lightning arresters, voltage limiters, surge suppressors, plugs, junction boxes)	853510 / 853521 / 853529 / 853530 / 853610 / 853620 / 853630 / 853641 / 853649 / 853650 / 853661 / 853690
Electrical machines and apparatus, having individual functions, not specified or included elsewhere in this Chapter	854370
Electrical transformers, static converters (for example, rectifiers) and inductors	850410 / 850431 / 850432
Electro-mechanical domestic appliances, with self-contained electric motor, other than vacuum cleaners of heading 85.08	850980
Household or laundry-type washing machines, including machines which both wash and dry	845020 / 845090
Insulated (including enamelled or anodised) wire, cable (including co-axial cable) and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables, made up of individually sheathed fibres, whether or not assembled with electric conductors or fitted with connectors	854411 / 854420 / 854442 / 854449
Lamps and lighting fittings including searchlights and spotlights and parts thereof, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like, having a permanently fixed light source, and parts thereof	940510 / 940520 / 940530 / 940540 / 940599
Liquid crystal devices not constituting articles provided for more specifically in other headings; lasers, other than laser diodes; other optical appliances and instruments, not specified or included elsewhere in this Chapter	901380
Machinery (other than machines of heading 84.50) for washing, cleaning, wringing, drying, ironing, pressing (including fusing presses), bleaching, dyeing, dressing, finishing, coating or impregnating textile yarns, fabrics or made up textile articles	845129 / 847960 / 847989
Printing machinery used for printing by means of plates, cylinders and other printing components of heading 84.42; other printers, copying machines and facsimile machines, whether or not combined; parts and accessories thereof	844339

Technical regulation and items	International HS Code
Pumps for liquids, whether or not fitted with a measuring device; liquid elevators	841350 / 841360 / 841370 / 841381 / 841382
Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; heat pumps other than air conditioning machines of heading 84.15	841829 / 841850 / 841861 / 841869
Vacuum cleaners	850811 / 850819 / 850860 / 850870
Group 2: Low-voltage electrical equipment and appliances – GMARK	
Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters	841451 / 841459 / 841510
Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits (for example, switches, relays, fuses, surge suppressors, plugs, sockets, lamp-holders and other connector, junction boxes)	853669 / 853690
Electrical transformers, static converters (for example, rectifiers) and inductors	850440 / 851610 / 851629 / 851631 / 851632 / 851633 / 851640 / 851650 / 851660 / 851672 / 851679 / 851690
Household or laundry-type washing machines, including machines which both wash and dry	845011 / 845012 / 845019
Insulated (including enamelled or anodised) wire, cable (including co-axial cable) and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables, made up of individually sheathed fibres, whether or not assembled with electric conductors or fitted with connectors	854442
Machinery (other than machines of heading 84.50) for washing, cleaning, wringing, drying, ironing, pressing (including fusing presses), bleaching, dyeing, dressing, finishing, coating or impregnating textile yarns, fabrics or made up textile articles	845121
Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; heat pumps other than air conditioning machines of heading 84.15	841810 / 841821 / 841830 / 841840
Group 3: Children's toys	
Bicycles and other cycles (including delivery tricycles), not motorized	871200
Modelling pastes, including those put up for children's amusement	340700
Tricycles, scooters, pedal cars and similar wheeled toys; doll carriages; dolls; other toys; reduced-size (scale) models and similar recreational models, working or not; puzzles of all kinds	950300
Video game consoles and machines, articles for funfair, table or parlour games, including pintables, billiards, special tables for casino games and automatic bowling alley equipment	950490
Group 4: Tyres	
New pneumatic tyres, of rubber of a kind used on motor cars (including station wagons and racing cars)	401110 / 401120 / 401140
Group 5: Auto spare parts	
Anti-freezing preparations and prepared de-icing fluids	382000
Base metal mountings, fittings and similar articles suitable for furniture, doors, staircases, windows, blinds, coachwork, saddlery, trunks, chests, caskets or the like; base metal hat-racks, hat-pegs, brackets and similar fixtures; castors with mountings	830230
Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus, for liquids or gases	842123 / 842131

Technical regulation and items	International HS Code
Electric filament or discharge lamps, including sealed beam lamp units and ultra-violet or infra-red lamps; arc-lamps; light-emitting diode (LED) lamps	853921
Electrical ignition or starting equipment of a kind used for spark-ignition or compression-ignition internal combustion engines (for example, ignition magnetos, magneto-dynamins, ignition coils, sparking plugs and glow plugs, starter motors); generators	851110 / 851120 / 851130 / 851140 / 851150 / 851180
Electrical lighting or signalling equipment (excluding articles of heading 85.39), windscreen wipers, defrosters and demisters, of a kind used for cycles or motor vehicles	851220 / 851230 / 851240 / 851290
Endless synchronous belts, of an outside circumference exceeding 60 cm but not exceeding 150 cm	401035 / 401036
Endless transmission belts of trapezoidal cross-section (V-belts), V-ribbed, of an outside circumference exceeding 60 cm but not exceeding 180 cm	401031 / 401032 / 401033 / 401034
Friction material and articles thereof (for example, sheets, rolls, strips, segments, washers, pads), not mounted, for brakes, for clutches or the like, with a basis of asbestos, of other mineral substances or of cellulose, whether or not combined	681381
Gaskets, washers and other seals	401693
Glass mirrors, whether or not framed, including rear-view mirrors	700910
Insulated (including enamelled or anodised) wire, cable (including co-axial cable) and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables, made up of individually sheathed fibres, whether or not assembled with electric conductors or fitted with connectors	854430
Mixtures and preparations, radiator coolant containing ethyl glycol	382499
Padlocks and locks (key, combination or electrically operated), of base metal; clasps and frames with clasps, incorporating locks, of base metal; keys for any of the foregoing articles, of base metal	830120
Parts and accessories of the motor vehicles of headings 87.01 to 87.05	870810 / 870821 / 870830 / 870870 / 870880 / 870891 / 870894 / 870895 / 870899
Safety glass, consisting of toughened (tempered) or laminated glass	700711 / 700721 / 700729
Seats (other than those of heading 94.02), whether or not convertible into beds, and parts thereof	940120
Group 6: Biodegradable plastic products	
Sacks and bags (including cones) of polymers of ethylene	392321
Sacks and bags, of a kind used for the packing of goods	630533
Self-adhesive plates, in rolls of a width not exceeding 20 cm	391910
Group 7: Building materials - part 1 : sectors of metals and their alloys for buildings and constructions	
Aluminium bars, rods and profiles	760410 / 760421 / 760429
Aluminium plates, sheets and strip, of a thickness exceeding 0.2 mm	760611 / 760612 / 760691 / 760692
Aluminium structures (excluding prefabricated buildings of heading 94.06) and parts of structures (for example, bridges and bridge-sections, towers, lattice masts, roofs, roofing frameworks, doors and windows and their frames and thresholds for doors)	761090
Aluminium wire	760511 / 760519 / 760521 / 760529
Angles, shapes and sections of iron or non-alloy steel	721610 / 721621 / 721622 / 721631 / 721632 / 721633 / 721640 / 721650 / 721661 / 721691

Technical regulation and items	International HS Code
Bars and rods, hot-rolled, in irregularly wound coils	721310 / 721320 / 721391 / 721399 / 721410 / 721420 / 721430 / 721491 / 721510 / 721550 / 721590
Bars and rods, hot-rolled, in irregularly wound coils, of other alloy steel	722710 / 722720 / 722790
Bars and rods, hot-rolled, in irregularly wound coils, of stainless steel	722100
Flat-rolled products of iron or non-alloy steel	720810 / 720825 / 720826 / 720827 / 720836 / 720837 / 720838 / 720839 / 720840 / 720851 / 720852 / 720853 / 720854 / 720890 / 720915 / 720916 / 720917 / 720918 / 720925 / 720926 / 720927 / 720928 / 721011 / 721012 / 721020 / 721030 / 721041 / 721049 / 721050 / 721061 / 721070 / 721090 / 721113 / 721114 / 721123 / 721210 / 721220 / 721230 / 721240 / 721250 / 721260
Flat-rolled products of other alloy steel, of a width of 600 mm or more	722511 / 722530 / 722540 / 722550 / 722591 / 722592
Flat-rolled products of other alloy steel, of a width of less than 600 mm	722611 / 722620 / 722691 / 722692
Flat-rolled products of stainless steel, of a width of less than 600 mm	722011 / 722012 / 722020 / 722090
Flat-rolled products of stainless steel, of a width of 600 mm or more	721911 / 721912 / 721913 / 721914 / 721921 / 721922 / 721923 / 721924 / 721931 / 721932 / 721933 / 721934 / 721935 / 721990
Other alloy steel in ingots or other primary forms; semi-finished products of other alloy steel	722410 / 722490
Other articles of iron or steel	732599
Other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill bars and rods, of alloy or non-alloy steel	722810 / 722820 / 722830 / 722840 / 722850 / 722860 / 722870 / 722880
Other bars and rods of stainless steel; angles, shapes and sections of stainless steel	722211 / 722219 / 722220 / 722230 / 722240
Prefabricated buildings	940690
Railway or tramway track construction material of iron or steel, the following: rails, checkrails and rack rails, switch blades, crossing frogs, point rods and other crossing pieces, sleepers (crossties), fish-plates, chairs, chair wedges, sole plates	730210 / 730230 / 730240
Sheet piling of iron or steel, whether or not drilled, punched or made from assembled elements; welded angles, shapes and sections, of iron or steel	730110 / 730120
Stainless steel in ingots or other primary forms; semi-finished products of stainless steel	721810 / 721899
Structures (excluding prefabricated buildings of heading 94.06) and parts of structures (for example, bridges and bridge sections, lock gates, towers, lattice masts, roofs, roofing frame works, doors and windows and their frames and thresholds for doors)	730810 / 730820 / 730840 / 730890
Tin bars, rods, profiles and wire	800300
Wire of iron or non-alloy steel	721710 / 721720 / 721730
Wire of other alloy steel	722920
Wire of stainless steel	722300
Wire, rods, tubes, plates, electrodes and similar products, of base metal or of metal carbides, coated or cored with flux material, of a kind used for soldering, brazing, welding or deposition of metal or of metal carbides; wire and rods	831110 / 831120 / 831130
Group 8: Building materials - part 2: insulation and cladding materials	
Articles of asbestos-cement, of cellulose fibre-cement or the like	681182
Articles of asphalt or of similar material (for example, petroleum bitumen or coal tar pitch)	680710 / 680790
Articles of cement, of concrete or of artificial stone, whether or not reinforced	681019 / 681091 / 681099
Articles of plaster or of compositions based on plaster	680911 / 680919 / 680990

Technical regulation and items	International HS Code
Drawn glass and blown glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked	700420 / 700490
Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent-reflecting or non-reflecting layer, but not otherwise worked	700510 / 700521 / 700529 / 700530
Glaziers putty, grafting putty, resin cements, caulking compounds and other mastics; painter fillings	321490
Multiple-walled insulating units of glass	700800
Other doors, windows and their frames and thresholds for doors	761090
Other plates, sheets, film, foil and strip, of plastics, non-cellular and not reinforced, laminated, of polymers of styrene	392030 / 392043 / 392051 / 392061 / 392062 / 392063 / 392069 / 392071 / 392073 / 392079 / 392091 / 392092 / 392093 / 392094 / 392099 / 392111 / 392112 / 392113 / 392114
Panels, boards, tiles, blocks and similar articles of vegetable fibre, of straw or of shavings, chips, particles, sawdust or other waste, of wood, agglomerated with cement, plaster or other mineral binders	680800
Plates, sheets and strip	400811 / 400821
Slag wool, rock wool and similar mineral wools (including intermixtures thereof), in bulk, sheets or rolls	680610 / 680620 / 680690
Tarred, bituminised or asphalted paper and paperboard	481110
Wallpaper and similar wall coverings, consisting of paper coated or covered, on the face side, with a grained, embossed, coloured, design-printed or otherwise decorated layer of plastics	481120 / 481130 / 481420 / 481490
Group 9: Building materials - part 3: hydraulic bonding and related products	
Articles of asphalt or of similar material (for example, petroleum bitumen or coal tar pitch)	680790
Articles of cement, of concrete or of artificial stone, whether or not reinforced	681011 / 681019
Articles of plaster or of compositions based on plaster	680919
Exfoliated vermiculite, expanded clays, foamed slag and similar expanded mineral materials (including intermixtures thereof)	680690
Gypsum; anhydrite; plasters (consisting of calcined gypsum or calcium sulphate) whether or not coloured, with or without small quantities of accelerators or retarders	252010 / 252020
Limestone flux; limestone and other calcareous stone, of a kind used for the manufacture of lime or cement	252100
Pebbles, gravel, broken or crushed stone, of a kind commonly used for concrete aggregates, for road metalling or for railway or other ballast, shingle and flint, whether or not heat-treated	251710
Portland cement, aluminous cement, slag cement, super-sulphated cement and similar hydraulic cements, whether or not coloured or in the form of clinkers	252321
Prepared additives for cements, mortars or concretes	382440 / 382450
Quicklime, slaked lime and hydraulic lime, other than calcium oxide and hydroxide of heading 28.25	252210 / 252220 / 252230
Refractory cements, mortars, concretes and similar compositions, other than products of heading 38.01	381600
Group 10: Building materials - part 4: bricks, tiles, ceramics, sanitaryware and related products	
Baths, shower-baths, sinks and washbasins	392210
Bricks, blocks, tiles and other ceramic goods of siliceous fossil meals (for example, kieselguhr, or diatomite) or of similar siliceous earths	690100

Technical regulation and items	International HS Code
Ceramic building bricks, flooring blocks, support or filler tiles and the like	690410 / 690490
Ceramic flags and paving, hearth or wall tiles; ceramic mosaic cubes and the like, whether or not on a backing; finishing ceramics	690721 / 690722 / 690723 / 690730 / 690740
Ceramic sinks, wash basins, wash basin pedestals, baths, bidets, water closet pans, flushing cisterns, urinals and similar sanitary fixtures	691010 / 691090
Lavatory seats and covers	392220
Machinery, plant or laboratory equipment, whether or not electrically heated (excluding furnaces, ovens and other equipment of heading 85.14), for the treatment of materials by a process involving a change of temperature such as heating, cooking	841919
Marble and travertine, crude or roughly trimmed	251511 / 251512
Other articles of nickel	750890
Other baths, shower-baths, washbasins, bidets, lavatory pans, seats and covers, flushing cisterns and similar sanitary ware, of plastics	392290
Prefabricated buildings	940690
Refractory bricks, blocks, tiles and similar refractory ceramic constructional goods, other than those of siliceous fossil meals or similar siliceous earths	690210 / 690220 / 690290
Roofing tiles, chimney-pots, cowls, chimney liners, architectural ornaments and other ceramic constructional goods	690510 / 690590
Sanitary ware and parts thereof, of iron or steel	732410 / 732421 / 732429 / 732490
Seats (other than those of heading 94.02), whether or not convertible into beds, and parts thereof	940179
Setts, curb stones and flagstones, of natural stone (except slate)	680100
Table, kitchen or other household articles and parts thereof, of aluminium; pot scorers and scouring or polishing pads, gloves and the like, of aluminium; sanitary ware and parts thereof, of aluminium	761520
Table, kitchen or other household articles and parts thereof, of copper; pot scorers and scouring or polishing pads, gloves and the like, of copper; sanitary ware and parts thereof, of copper	741820
Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, including pressure-reducing valves and thermostatically controlled valves	848180 / 848190
Worked monumental or building stone (except slate) and articles thereof, other than goods of heading 68.01; mosaic cubes and the like, of natural stone (including slate), whether or not on a backing; artificially coloured granules, chippings and powder	680210 / 680221 / 680223 / 680229 / 680291 / 680292 / 680293 / 680299 / 680300 / 681011 / 681019 / 681099
Group 11: Building materials - part 5: tubes and pipes used in water, electricity and gas networks	
Aluminium tube or pipe fittings (for example, couplings, elbows, sleeves)	760900
Aluminium tubes and pipes	760810 / 760820
Backed aluminium foil	750720
Check valves	848130
Copper tube or pipe fittings (for example, couplings, elbows, sleeves)	741210 / 741220
Copper tubes and pipes	741110 / 741121 / 741122
Flexible tubes pipes and hoses, having a minimum burst pressure of 27.6 MPa	391731
Flexible tubing of base metal, with or without fittings	830710 / 830790
Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed), of iron or steel	730630 / 730640 / 730650 / 730660 / 730661 / 730669
Pressure-reducing valves	848110
Structures (excluding prefabricated buildings of heading 94.06) and parts of structures (for example, bridges and bridge-sections, lock-gates, towers,	730890

Technical regulation and items	International HS Code
lattice masts, roofs, roofing frameworks, doors and windows and their frames and thresholds for doors)	
Tube or pipe fittings (for example, couplings, elbows, sleeves) of iron or steel	730711 / 730721 / 730722 / 730723 / 730791 / 730792 / 730793
Tubes and pipes	750711 / 750712
Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel	730431 / 730441 / 730451
Tubes, pipes and hoses, rigid	391729 / 391721 / 391722 / 391723
Tubes, pipes and hollow profiles, of cast iron	730300
Tubes, pipes and hoses, of vulcanised rubber other than hard rubber, with or without their fittings (for example, joints, elbows, flanges)	400912 / 400911 / 400922 / 400921 / 400932 / 400931 / 400942 / 400941
Group 12: Detergents	
Finishing agents	380910 / 380991
Hypochlorites; commercial calcium hypochlorite; chlorites; hypobromites	282890
Organic surface-active agents, whether or not put up for retail sale cationic	340212 / 340211 / 340213
Other organic surface-active agents	340219 / 340290
Other polishes	340590
Other soap	340119
Pickling preparations for metal surfaces; soldering, brazing or welding powders and pastes consisting of metal and other materials	381010
Polishes, creams and similar preparations	340510 / 340520 / 340530
Preparations put up for retail sale	340220
Scouring pastes and powders and other scouring preparations	340540
Soap in other forms	340120
Group 13: Doors and windows	
Aluminium structures (excluding prefabricated buildings of heading 94.06) and parts of structures (for example, bridges and bridge-sections, towers, lattice masts, roofs, roofing frameworks, doors and windows and their frames and thresholds for doors)	761010
Base metal mountings, fittings and similar articles suitable for furniture, doors, staircases, windows, blinds, coachwork, saddlery, trunks, chests, caskets or the like; base metal hat-racks, hat-pegs, brackets and similar fixtures; castors with mountings	830249 / 830260
Doors and their frames and thresholds	441820
Doors, windows and their frames and thresholds for doors	392520
Other ceramic articles	691410
Padlocks and locks (key, combination or electrically operated), of base metal; clasps and frames with clasps, incorporating locks, of base metal; keys for any of the foregoing articles, of base metal	830110
Shutters, blinds (including Venetian blinds) and similar articles and parts thereof	392530
Structures (excluding prefabricated buildings of heading 94.06) and parts of structures (for example, bridges and bridge-sections, lock-gates, towers, lattice masts, roofs, roofing frameworks, doors and windows and their frames and thresholds for doors)	730830 / 730890
Windows, French-windows and their frames	441810
Group 14: Electric self-balancing boards (scooters)	
Tricycles, scooters, pedal cars and similar wheeled toys; dolls carriages; dolls; other toys; reduced-size (scale) models and similar recreational models, working or not; puzzles of all kinds	950300
Group 15: Electric vehicles	
Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 87.02), including station wagons and racing cars	870310

Technical regulation and items	International HS Code
Motor vehicles for the transport of 10 or more persons, including the driver	870220 / 870230 / 870240
Group 16: Electrical batteries	
Containing mainly zinc	262019
Electric accumulators, including separators thereof, whether or not rectangular (including square)	850710 / 850720 / 850730 / 850740 / 850750 / 850760 / 850780 / 850790
Primary cells and primary batteries	850610 / 850630 / 850640 / 850650 / 850660 / 850680 / 850690
Group 17: Electrical lifts used in buildings and facilities	
Other lifting, handling, loading or unloading machinery (for example, lifts, escalators, conveyors, cableways)	842810
Parts suitable for use solely or principally with the machinery of headings 84.25 to 84.30	843131
Group 18: Electronic devices used in electronic smoking systems	
Electrical machines and apparatus, having individual functions, not specified or included elsewhere in this Chapter	854370
Group 19: Firefighting equipment and materials	
Mechanical appliances (whether or not hand-operated) for projecting, dispersing or spraying liquids or powders; fire extinguishers, whether or not charged; spray guns and similar appliances; steam or sand blasting machines and similar jet projecting machines	842410
Other articles of iron or steel	732510
Preparations and charges for fire-extinguishers; charged fire-extinguishing grenades	381300
Pumps for liquids, whether or not fitted with a measuring device; liquid elevators	841319
Structures (excluding prefabricated buildings of heading 94.06) and parts of structures (for example, bridges and bridge-sections, lock-gates, towers, lattice masts, roofs, roofing frameworks, doors and windows and their frames and thresholds for doors)	730890
Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, including pressure-reducing valves and thermostatically controlled valves	848180
Textile hose piping and similar textile tubing, with or without lining, armour or accessories of other materials	590900
Tubes, pipes and hoses, of vulcanised rubber other than hard rubber, with or without their fixings (for example, joints, elbows, flanges)	400911 / 400912 / 400921 / 400922 / 400931 / 400932 / 400941 / 400942
Group 20: Fireworks	
Fireworks	360410 / 360490
Group 21: Food safety in tools and appliances used in the kitchen	
Aluminium casks, drums, cans, boxes and similar containers (including rigid or collapsible tubular containers), for any material (other than compressed or liquefied gas), of a capacity not exceeding 300 l, whether or not lined or heat-insulated	761290
Cartons, boxes, cases, bags and other packing containers, of paper, paperboard, cellulose wadding or webs of cellulose fibres; box files, letter trays, and similar articles, of paper or paperboard of a kind used in offices, shops or the like	481190 / 481920
Ceramic tableware, kitchenware, other household articles and toilet articles, other than of porcelain	691200 / 691490
Filter paper and paperboard	482320
Glassware of a kind used for table, kitchen, toilet, office, indoor decoration or similar purposes (other than that of heading 70.10 or 70.18)	701310 / 701322 / 701328 / 701333 / 701337 / 701341 / 701342 / 701349

Technical regulation and items	International HS Code
Hand tools (including glaziers diamonds), not elsewhere specified or included; blow lamps; vices, clamps and the like, other than accessories for and parts of, machine tools or waterjet cutting machines; anvils; portable forges; hand or pedal-operated grinding wheels with frameworks	820551
Hand-operated mechanical appliances, weighing 10 kg or less, used in the preparation, conditioning or serving of food or drink	821000
Knives and cutting blades, for machines or for mechanical appliances	820830
Knives with cutting blades, serrated or not (including pruning knives), other than knives of heading 82.08, and blades thereof	821191 / 821192 / 821193
Machinery, not specified or included elsewhere in this Chapter, for the industrial preparation or manufacture of food or drink, other than machinery for the extraction or preparation of animal or fixed vegetable fats or oils	843860
Other articles of nickel	750890
Other articles of tin	800700
Presses, crushers and similar machinery used in the manufacture of wine, cider, fruit juices or similar beverages	843510 / 843590
Spoons, forks, ladles, skimmers, cake-servers, fish-knives, butter-knives, sugar tongs and similar kitchen or tableware	821510 / 821520 / 821591 / 821599
Stoppers, caps and lids (including crown corks, screw caps and pouring stoppers), capsules for bottles, threaded bungs, bung covers, seals and other packing accessories, of base metal	830910 / 830990
Table, kitchen or other household articles and parts thereof, of aluminium; pot scourers and scouring or polishing pads, gloves and the like, of aluminium; sanitary ware and parts thereof, of aluminium	761510
Table, kitchen or other household articles and parts thereof, of iron or steel; iron or steel wool; pot scourers and scouring or polishing pads, gloves and the like, of iron or steel	732391 / 732392 / 732393 / 732394 / 732399 / 741810
Tableware and kitchenware	392410
Tableware and kitchenware, of wood	441911 / 441912 / 441990
Tableware, kitchenware, other household articles and toilet articles, of porcelain	691110
Tanks, casks, drums, cans, boxes and similar containers, for any material (other than compressed or liquefied gas), of iron or steel, of a capacity not exceeding 300 l, whether or not lined or heat-insulated, but not fitted with mechanical or thermal equipment	731010 / 731021
Trays, dishes, plates, cups and the like, of paper or paperboard, of bamboo	482361 / 482369
Vacuum flasks and other vacuum vessels, complete with cases; parts thereof other than glass inners	961700
Group 22: Games and devices of amusement parks	
Articles and equipment for general physical exercise, gymnastics, athletics, other sports (including table tennis) or outdoor games, not specified or included elsewhere in this Chapter; swimming pools and paddling pools	950620 / 950662 / 950669 / 950691
Roundabouts, swings, shooting galleries and other fairground amusements; travelling circuses and travelling menageries; travelling theatres	950890
Tricycles, scooters, pedal cars and similar wheeled toys; dolls carriages; dolls; other toys; reduced-size (scale) models and similar recreational models, working or not; puzzles of all kinds	950300
Video game consoles and machines, articles for funfair, table or parlour games, including; pintables,	950430 / 950450

Technical regulation and items	International HS Code
billiards, special tables for casino games and automatic bowling alley equipment	
Yachts and other vessels for pleasure or sports; rowing boats and canoes	890310 / 890399
Group 23: Gas appliances and their accessories	
Aluminium containers for compressed or liquefied gas	761300
Automatic regulating or controlling instruments and apparatus	903220
Containers for compressed or liquefied gas, of iron or steel	731100
Furnace burners for liquid fuel, for pulverised solid fuel or for gas; mechanical stokers, including their mechanical grates, mechanical ash dischargers and similar appliances	841610 / 841620 / 841630 / 841690
Glass fibres (including glass wool) and articles thereof (for example, yarn-woven fabrics)	701990
Liquid or liquefied-gas fuels in containers of a kind used for filling or refilling cigarette or similar lighters and of a capacity not exceeding 300 cm ³	360610
Machinery, plant or laboratory equipment, whether or not electrically heated (excluding furnaces, ovens and other equipment of heading 85.14), for the treatment of materials by a process involving a change of temperature such as heating, cooking	841911
Other articles of copper	741999
Stoves, ranges, grates, cookers (including those with subsidiary boilers for central heating), barbecues, braziers, gas-rings, plate warmers and similar non-electric domestic appliances, and parts thereof, of iron or steel	732111 / 732112 / 732181 / 732182 / 732189 / 732190
Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, including pressure-reducing valves and thermostatically controlled valves	848180
Group 24: Lubricating oils	
Hydraulic brake fluids and other prepared liquids for hydraulic transmission, not containing or containing less than 70% by weight of petroleum oils or oils obtained from bituminous minerals	381900
Lubricating preparations containing petroleum oils or oils obtained from bituminous minerals	340319
Other preparations for the treatment	340399
Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70% or more of petroleum oils or biodiesel or waste	271012 / 271019
Group 25: Machinery safety - part 1: portable and oriented machines	
Agricultural, horticultural or forestry machinery for soil preparation or cultivation; lawn or sports-ground rollers	843210 / 843221 / 843229 / 843231 / 843239 / 843241 / 843242 / 843280 / 843290
Apparatus based on the use of X-rays or of alpha-beta or gamma radiations, whether or not for medical, surgical, dental or veterinary uses, including radiography or radiotherapy apparatus, X-ray tubes and other X-ray generators, high tension generators	902219 / 902290
Automatic goods-vending machines (for example, postage stamp, cigarette, food or beverage machines), including money-changing machines	847621 / 847629 / 847681 / 847689 / 847690
Auxiliary machinery for use with machines of heading 84.44, 84.45, 84.46 or 84.47 (for example, Jacquards, automatic stop motions, shuttle changing mechanisms); parts and accessories suitable for use solely or principally with the machines	844811 / 844819 / 844820 / 844831 / 844832 / 844833 / 844839 / 844842 / 844849 / 844851 / 844859

Technical regulation and items	International HS Code
Ball or roller bearings	848210 / 848220 / 848230 / 848240 / 848250 / 848280 / 848291 / 848299
Book-binding machinery, including book-sewing machines	844010 / 844090
Calculating machines and pocket-size data recording, reproducing and displaying machines with calculating functions; accounting machines, postage-franking machines, ticket-issuing machines and similar machines, incorporating a calculating device	847010 / 847021 / 847029 / 847030 / 847050 / 847090
Calendaring or other rolling machines, other than for metals or glass, and cylinders thereof	842010 / 842091 / 842099
Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus, for liquids or gases	842111 / 842119 / 842121 / 842122 / 842129 / 842139 / 842191 / 842199
Converters, ladles, ingot moulds and casting machines, of a kind used in metallurgy or in metal foundries	845410 / 845420 / 845430 / 845490
Dish washing machines; machinery for cleaning or drying bottles or other containers; machinery for filling, closing, sealing or labelling bottles, cans, boxes, bags or other containers; machinery for capsuling bottles, jars, tubes and similar containers	842230 / 842240 / 842290
Duplicating machines	847230 / 847290
Electric (including electrically heated gas), laser or other light or photon beam, ultrasonic, electron beam, magnetic pulse or plasma arc soldering, brazing or welding machines and apparatus, whether or not capable of cutting; electric machines	851511 / 851519 / 851521 / 851529 / 851531 / 851539 / 851580 / 851590
Electric generating sets and rotary converters	850211 / 850212 / 850213 / 850220 / 850231 / 850239 / 850240
Electric instantaneous or storage water heaters and immersion heaters; electric space heating apparatus and soil heating apparatus; electro-thermic hair-dressing apparatus (for example, hair dryers, hair curlers, curling tong heaters) and hand dryers	851621 / 851629
Electric sound or visual signalling apparatus (for example, bells, sirens, indicator panels, burglar or fire alarms), other than those of heading 85.12 or 85.30	853180 / 853190
Electrical ignition or starting equipment of a kind used for spark-ignition or compression-ignition internal combustion engines (for example, ignition magnetos, magneto-dynamins, ignition coils, sparking plugs and glow plugs, starter motors); generators	851190
Electrical lighting or signalling equipment (excluding articles of heading 85.39), windscreen wipers-defrosters and demisters, of a kind used for cycles or motor vehicles	851220
Electrical signalling, safety or traffic control equipment for railways, tramways, roads, inland waterways, parking facilities, port installations or airfields (other than those of heading 86.08)	853010 / 853080 / 853090
Electrical transformers, static converters (for example, rectifiers) and inductors	850421 / 850422 / 850423 / 850433 / 850434 / 850440 / 850450 / 850490
Electro-magnets; permanent magnets and articles intended to become permanent magnets after magnetisation; electromagnetic or permanent magnet chucks, clamps and similar holding devices; electro-magnetic couplings, clutches and brakes; electro-magnetic lift	850511 / 850519 / 850520 / 850590
Electro-mechanical domestic appliances, with self-contained electric motor, other than vacuum cleaners of heading 85.08	850980 / 850990
Fishing rods, fishhooks and other line fishing tackle; fish landing nets, butterfly nets and similar nets; decoy "birds" (other than those of heading 92.08 or 97.05) and similar hunting or shooting requisites	950730

Technical regulation and items	International HS Code
Fork-lift trucks; other works trucks fitted with lifting or handling equipment	842710 / 842720 / 842790
Gaskets and similar joints of metal sheeting combined with other material or of two or more layers of metal; sets or assortments of gaskets and similar joints, dissimilar in composition, put up in pouches, envelopes or similar packings; mechanical seals	848410 / 848420 / 848490
Harvesting or threshing machinery, including straw or fodder balers; grass or hay mowers; machines for cleaning, sorting or grading eggs, fruit or other agricultural produce, other than machinery of heading 84.37	843311 / 843319 / 843320 / 843330 / 843340 / 843351 / 843352 / 843353 / 843359 / 843360 / 843390
Industrial or laboratory electric (including induction or dielectric) furnaces and ovens; other industrial or laboratory induction or dielectric heating equipment	851410 / 851420 / 851430 / 851440 / 851490
Knitting machines, stitch-bonding machines and machines for making gimped yarn, tulle, lace, embroidery, trimmings, braid or net and machines for tufting	844711 / 844712 / 844720 / 844790
Lathes (including turning centres) for removing metal	845811 / 845819 / 845891 / 845899
Machinery (other than machines of heading 84.50) for washing, cleaning, wringing, drying, ironing, pressing (including fusing presses), bleaching, dyeing, dressing, finishing, coating or impregnating textile yarns, fabrics or made up textile articles	845110 / 845130 / 845140 / 845150 / 845180 / 845190
Machinery and apparatus for soldering, brazing or welding, whether or not capable of cutting, other than those of heading 85.15; gas-operated surface tempering machines and appliances	846880 / 846890
Machinery for making pulp of fibrous cellulosic material or for making or finishing paper or paperboard	843910 / 843920 / 843930 / 843991 / 843999
Machinery for preparing or making up tobacco, not specified or included elsewhere in this Chapter	847810 / 847890
Machinery for preparing, tanning or working hides, skins or leather or for making or repairing footwear or other articles of hides, skins or leather, other than sewing machines	845310 / 845320 / 845380 / 845390
Machinery for sorting, screening, separating, washing, crushing, grinding, mixing or kneading earth, stone, ores or other mineral substances, in solid (including powder or paste) form; machinery for agglomerating, shaping or moulding solid mineral fuels	847410 / 847420 / 847431 / 847432 / 847439 / 847480 / 847490
Machinery for the manufacture or finishing of felt or nonwovens in the piece or in shapes, including machinery for making felt hats; blocks for making hats	844900
Machinery for working rubber or plastics or for the manufacture of products from these materials, not specified or included elsewhere in this Chapter	847710 / 847720 / 847730 / 847740 / 847751 / 847759 / 847780 / 847790
Machinery, not specified or included elsewhere in this Chapter, for the industrial preparation or manufacture of food or drink, other than machinery for the extraction or preparation of animal or fixed vegetable fats or oils	843810 / 843820 / 843830 / 843840 / 843850 / 843880 / 843890
Machinery parts, not containing electrical connectors, insulator, coils, contacts or other electrical features, not specified or included elsewhere in this Chapter	848710 / 848790
Machinery, apparatus and equipment (other than the machine of headings 84.56 to 84.65) for preparing or making plates, cylinders or other printing components; plates, cylinders and other printing components; plates, cylinders and lithographic stone	844230 / 844240 / 844250
Machinery, plant or laboratory equipment, whether or not electrically heated (excluding furnaces, ovens	841960 / 841981 / 841989 / 841990

Technical regulation and items	International HS Code
and other equipment of heading 85.14), for the treatment of materials by a process involving a change of temperature such as heating, cooking	
Machines and apparatus of a kind used solely or principally for the manufacture of semiconductor boules or wafers, semiconductor devices, electronic integrated circuits or flat panel displays; machines and apparatus specified in Note 9(C) to this Chapter	848610 / 848620 / 848630 / 848640 / 848690
Machines and mechanical appliances having individual functions, not specified or included elsewhere in this Chapter	847910 / 847920 / 847930 / 847940 / 847950 / 847971 / 847979 / 847981 / 847982 / 847989 / 847990
Machines for assembling electric or electronic lamps, tubes or valves or flashbulbs, in glass envelopes; machines for manufacturing or hot working glass or glassware	847510 / 847521 / 847529 / 847590
Machines for cleaning, sorting or grading seed, grain or dried leguminous vegetables; machinery used in the milling industry or for the working of cereals or dried leguminous vegetables, other than farm-type machinery	843710 / 843780 / 843790
Machines for extruding, drawing, texturing or cutting manmade textile materials	844400 / 844511 / 844512 / 844513 / 844519 / 844520 / 844530 / 844540 / 844590
Machine-tools (including machines for nailing, stapling, gluing or otherwise assembling) for working wood, cork, bone, hard rubber, hard plastics or similar hard materials	846510 / 846520 / 846591 / 846592 / 846593 / 846594 / 846595 / 846596 / 846599
Machine-tools (including presses) for working metal by forging, hammering or die-stamping; machine-tools (including presses) for working metal by bending, folding, straightening, flattening, shearing, punching or notching; presses for working metal	846210 / 846221 / 846229 / 846231 / 846239 / 846241 / 846249 / 846291 / 846299
Machine-tools including way-type unit head machines for drilling, boring, milling, threading or tapping by removing metal, other than lathes (including turning centres) of heading 84.58	845910 / 845921 / 845929 / 845931 / 845939 / 845941 / 845949 / 845951 / 845959 / 845961 / 845969 / 845970
Machine-tools for deburring, sharpening, grinding, honing, lapping, polishing or otherwise finishing metal or cermets by means of grinding stones, abrasives or polishing products, other than gear cutting, gear grinding or gear finishing machines	846012 / 846019 / 846022 / 846023 / 846024 / 846029 / 846031 / 846039 / 846040 / 846090
Machine-tools for planning, shaping, slotting, broaching, gear cutting, gear grinding or gear finishing, sawing, cutting-off and other machine-tools working by removing metal or cermets, not elsewhere specified or included	846120 / 846130 / 846140 / 846150 / 846190
Machine-tools for working any material by removal of material, by laser or other light or photon beam, ultrasonic, electro-discharge, electro-chemical, electron beam, ionic-beam or plasma arc processes	845611 / 845612 / 845620 / 845630 / 845640 / 845650 / 845690
Machine-tools for working stone, ceramics, concrete, asbestos-cement or like mineral materials or for cold working glass	846410 / 846420 / 846490
Machining centres, unit construction machines (single station) and multi-station transfer machines, for working metal	845710 / 845720 / 845730
Mechanical appliances (whether or not hand-operated) for projecting, dispersing or spraying liquids or powders; fire extinguishers, whether or not charged; spray guns and similar appliances; steam or sand blasting machines and similar jet projecting	842420 / 842430 / 842449 / 842482 / 842489 / 842490
Metal-rolling mills and rolls thereof	845510 / 845521 / 845522 / 845530 / 845590
Microphones and stands thereof	851810 / 851822 / 851829 / 851890
Milking machines and dairy machinery	843410 / 843420 / 843490
Moulding boxes for metal foundry; mould bases; moulding patterns; moulds for metal (other than ingot moulds), metal carbides, glass, mineral materials, rubber or plastics	848010 / 848020 / 848030 / 848041 / 848049 / 848050 / 848060 / 848071 / 848079

Technical regulation and items	International HS Code
Other agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery, including germination plant fitted with mechanical or thermal equipment; poultry incubators and brooders	843610 / 843621 / 843629 / 843680 / 843691 / 843699
Other lifting, handling, loading or unloading machinery (for example, lifts, escalators, conveyors, cableways)	842810 / 842820 / 842831 / 842832 / 842833 / 842839 / 842840 / 842860 / 842890
Other machinery for making up paper pulp, paper or paperboard, including cutting machines of all kinds	844110 / 844120 / 844130 / 844140 / 844180 / 844190
Other machine-tools for working metal or cermets, without removing material	846310 / 846320 / 846330 / 846390
Other moving, grading, levelling, scraping, excavating, tamping, compacting, extracting or boring machinery, for earth, minerals or ores; pile-drivers and pile-extractors; snowploughs and snow-blowers	843010 / 843020 / 843031 / 843039 / 843041 / 843049 / 843050 / 843061 / 843069
Parts and accessories (other than covers carrying cases and the like) suitable for use solely or principally with machines of headings 84.70 to 84.72	847321 / 847329 / 847330 / 847340 / 847350
Parts and accessories suitable for use solely or principally with the apparatus of headings 85.19 to 85.21	852210 / 852290
Parts and accessories suitable for use solely or principally with the machines of headings 84.56 to 84.65, including work or tool holders, self-opening die heads, dividing heads and other special attachments for the machines; tool holders	846610 / 846620 / 846630 / 846691 / 846692 / 846693 / 846694
Parts suitable for use solely or principally with the machinery of headings 84.25 to 84.30	843110 / 843120 / 843131 / 843139 / 843141 / 843142 / 843143 / 843149 // 852990
Parts suitable for use solely or principally with the machines of heading 85.01 or 85.02	850300
Portable electric lamps designed to function by their own source of energy (for example, dry batteries, accumulators, magnetos), other than lighting equipment of heading 85.12	851310 / 851390
Printing machinery used for printing by means of plates, cylinders and other printing components of heading 84.42; other printers, copying machines and facsimile machines, whether or not combined; parts and accessories thereof	844311 / 844312 / 844313 / 844314 / 844315 / 844316 / 844317 / 844319 / 844331 / 844391 / 844399
Pulley tackle and hoists other than skip hoists; winches and capstans; jacks	842511 / 842519 / 842531 / 842539 / 842541 / 842542 / 842549
Radio-broadcast receivers capable of operating without an external source of power	852719 / 852729 / 852791 / 852799 / 852691
Self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels, excavators, shovel loaders, tamping machines and road rollers	842911 / 842919 / 842920 / 842930 / 842940 / 842951 / 842952 / 842959
Semiconductor media	852359 / 852380
Sewing machines, other than book-sewing machines of heading 84.40; furniture, bases and covers specially designed for sewing machines; sewing machine needles	845210 / 845221 / 845229 / 845230 / 845290
Shavers, hair clippers and hair-removing appliances, with self-contained electric motor	851010 / 851020 / 851030 / 851090
Ships derricks; cranes, including cable cranes; mobile lifting frames, straddle carriers and works trucks fitted with a crane	842611 / 842612 / 842619 / 842620 / 842630 / 842641 / 842649 / 842691 / 842699
Sound recording or reproducing apparatus	851989
Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, including pressure-reducing valves and thermostatically controlled valves	848120 / 848140 / 848180
Telephone sets, including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data including apparatus for communication in a wired or wireless network	851711 / 851761 / 851762
Tools for working in the hand, pneumatic, hydraulic or with self-contained electric or non-electric motor	846711 / 846719 / 846721 / 846722 / 846729 / 846781 / 846789 / 846791 / 846792 / 846799

Technical regulation and items	International HS Code
Transmission shafts (including cam shafts and crank shafts) and cranks; bearing housings and plain shaft bearings; gears and gearing; ball or roller screws; gear boxes and other speed changers, including torque converters; flywheels and pulleys	848310 / 848320 / 848330 / 848340 / 848350 / 848360 / 848390
Weaving machines (looms)	844610 / 844621 / 844629 / 844630
Weighing machinery (excluding balances of a sensitivity of 5 cg or better), including weight operated counting or checking machines; weighing machine weights of all kinds	842310 / 842320 / 842330 / 842381 / 842382 / 842389 / 842390
Group 26: Motorcycles	
Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with or without sidecars; sidecars	871110 / 871120 / 871130 / 871140 / 871150 / 871160 / 871190
Group 27: Paints (pigments) and varnishes	
Colour lakes; preparations as specified in Note 3 to this chapter based on colour lakes	320500
Dyes and preparations based thereon	320411 / 320412 / 320413 / 320414 / 320415 / 320416 / 320417 / 320419
Organic composite solvents and thinners, not elsewhere specified or included; prepared paint or varnish removers	381400
Paints and varnishes	320810 / 320820 / 320890 / 320910 / 320990
Pigments and preparations	320611 / 320619 / 320620 / 320641 / 320642 / 320650 / 320710 / 320730
Group 28: Personal protective equipment and clothing	
Articles of apparel	420310
Articles of yarn, strip or the like of heading 54.04 or 54.05, twine, cordage, rope or cables, not elsewhere specified or included	560900
Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather	640340
Gloves, mittens and mitts	401590
Headbands, linings, covers, hat foundations, hat frames, peaks and chinstraps, for headgear	650700
Other articles of apparel and clothing accessories	401519
Other breathing appliances and gas masks, excluding protective masks having neither, mechanical part nor replaceable filters	902000
Other headgear, whether or not lined or trimmed	650610
Other made up articles, including dress patterns	630720
Spectacles, goggles and the like, corrective, protective or other	900490
Stranded wire, ropes, cables, plaited bands, slings and the like, of iron or steel, not electrically insulated	731290
Group 29: Trailers and semi-trailers	
Trailers and semi-trailers; other vehicles, not mechanically propelled; parts thereof	871610 / 871620 / 871639 / 871640
Group 30: Truck barriers	
Parts and accessories of the motor vehicles of headings 87.01 to 87.05	870810
Group 31: Textile products	
Articles of a kind normally carried in the pocket or in the handbag with outer surface of plastic sheeting or of textile materials	420232
Articles of yarn, strip or the like of heading 54.04 or 54.05, twine, cordage, rope or cables, not elsewhere specified or included	560900
Artificial filament tow	550210 / 550290
Artificial filament yarn (other than sewing thread), not put up for retail sale, including artificial monofilament of less than 67 decitex	540310 / 540331 / 540332 / 540333 / 540339 / 540341 / 540342 / 540349
Artificial monofilament of 67 decitex or more and of which no cross-sectional dimension exceeds 1 mm;	540500

Technical regulation and items	International HS Code
strip and the like (for example, artificial straw) of artificial textile materials of an apparent width not exceeding 5 mm	
Artificial staple fibres, carded, combed or otherwise processed for spinning	550700
Artificial staple fibres, not carded, combed or otherwise processed for spinning	550410 / 550490
Artificial flowers, foliage and fruit and parts thereof; articles made of artificial flowers, foliage or fruit	670290
Babies garments and clothing accessories, knitted or crocheted	611120 / 611130 / 611190
Babies garments and clothing accessories	620920 / 620930 / 620990
Bed linen, table linen, toilet linen and kitchen linen	630210 / 630221 / 630222 / 630229 / 630231 / 630232 / 630239 / 630240 / 630251 / 630253 / 630259 / 630260 / 630291 / 630293 / 630299
Blankets and travelling rugs	630110 / 630120 / 630130 / 630140 / 630190
Braids in the piece; ornamental trimmings in the piece, without embroidery, other than knitted or crocheted; tassels, pompons and similar articles	580810 / 580890
Brassieres, girdles, corsets, braces, suspenders, garters and similar articles and parts thereof, whether or not knitted or crocheted	621210 / 621220 / 621230 / 621290
Buttons, press-fasteners, snap-fasteners and press-studs, button moulds and other parts of these articles; button blanks	960629
Carded wool; fine animal hair, carded or combed	510510 / 510521 / 510529 / 510531 / 510539
Carpets and other textile floor coverings, knotted, whether or not made up	570110 / 570190 / 570210 / 570220 / 570231 / 570232 / 570239 / 570241 / 570242 / 570249 / 570250 / 570291 / 570292 / 570299 / 570310 / 570320 / 570330 / 570390 / 570410 / 570420 / 570490
Coarse animal hair, or combed	510540
Coconut, abaca (Manila hemp or <i>Musa textilis</i> Nee), ramie and other vegetable textile fibres, not elsewhere specified or included, raw or processed but not spun; tow, oils and waste of these fibres (including yarn waste and garneted stuck)	530500
Cotton sewing thread, whether or not put up for retail sale	520411 / 520419 / 520420
Cotton waste (including yarn waste and garneted stock)	520210 / 520291 / 520299
Cotton yarn (other than sewing thread), containing 85% or more by weight of cotton, not put up for retail sale	520511 / 520512 / 520513 / 520514 / 520515 / 520521 / 520522 / 520523 / 520524 / 520526 / 520527 / 520528 / 520531 / 520532 / 520533 / 520534 / 520535 / 520541 / 520542 / 520543 / 520544 / 520546 / 520547 / 520548
Cotton yarn (other than sewing thread), containing less than 85% by weight of cotton, not put up for retail sale	520611 / 520612 / 520613 / 520614 / 520615 / 520621 / 520622 / 520623 / 520624 / 520625 / 520631 / 520632 / 520633 / 520634 / 520635 / 520641 / 520642 / 520643 / 520644 / 520645
Cotton yarn (other than sewing thread) put up for retail sale	520710 / 520790
Cotton, carded or combed	520300
Cotton, not carded or combed	520100
Curtains (including drapes) and interior blinds; curtain or bed valances	630312 / 630319 / 630391 / 630392
Embroidery in the piece, in strips or in motifs	581010 / 581091 / 581092 / 581099
Fabricated asbestos fibres; mixtures with a basis of asbestos or with a basis of asbestos and magnesium carbonate; articles of such mixtures or of asbestos (for example, thread, woven fabric, clothing, headgear, footwear, gaskets), whether or not reinforced	681291 / 681292 / 681299
Felt, whether or not impregnated, coated, covered or laminated	560210 / 560221 / 560229 / 560290
Flax, raw or processed but not spun; flax tow and waste (including yarn waste and garneted stock)	530110 / 530121 / 530129 / 530130
Flax yarn	530610 / 530620

Technical regulation and items	International HS Code
Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather	640319
Garments, made up of fabrics of heading 56.02, 56.03, 59.03, 59.06 or 59.07; of fabrics of heading 56.02 or 56.03	621010
Garments, made up of knitted or crocheted fabrics of heading 59.03, 59.06 or 59.07	611300
Gauze, other than narrow fabrics of heading 58.06	580300
Gimped yarn, and strip and the like of heading 54.04 or 54.05, gimped (other than those of heading 56.05 and gimped horsehair yarn); chenille yarn (including flock chenille yarn); loop wale-yarn	560600
Glass fibres (including glass wool) and articles thereof (for example, yarn, woven fabrics)	01911 / 701912 / 701919 / 701931 / 701932 / 701939 / 701940 / 701951 / 701952 / 701959 / 701990
Gloves, mittens and mitts, knitted or crocheted	11610 / 611691 / 611692 / 611693 / 611699
Gloves, mittens and mitts	621600
Handbags, whether or not with shoulder strap, including those without handle with outer surface of plastic sheeting or of textile materials	420222
Handkerchiefs	621320 / 621390
Hand-woven tapestries of the type Gobelins, Flanders, Aubusson, Beauvais and the like, and needle-worked tapestries (for example, petit point, cross stitch), whether or not made up	580500
Hat-forms, hat bodies and hoods of felt, neither blocked to shape nor with made brims; plateaux and manchons (including slit manchons), of felt	650100
Hats and other headgear, knitted or crocheted, or made up from lace, felt or other textile fabric, in the piece (but not in strips), whether or not lined or trimmed; hair-nets of any material, whether or not lined or trimmed	650500
Hats and other headgear, plaited or made by assembling strips of any material, whether or not lined or trimmed	650400
Hat-shapes, plaited or made by assembling strips of any material, neither blocked to shape, nor with made brims, nor lined, nor trimmed	650200
Headbands, linings, covers, hat foundations, hat frames, peaks and chinstraps, for headgear	650700
Human hair, dressed, thinned, bleached or otherwise worked; wool or other animal hair or other textile materials, prepared for use in making wigs or the like	670300
Jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted	611011 / 611012 / 611019 / 611020 / 611030 / 611090
Jute and other textile fibres (excluding flax, true hemp and ramie), raw or processed but not spun; tow and waste of these fibres (including yarn waste and garneted stock)	530310 / 530390
Knitted or crocheted fabrics of a width not exceeding 30 cm, containing by weight 5% or more of elastomeric yarn or rubber thread, other than those of heading 60.01	600240 / 600290 / 600310 / 600320 / 600330 / 600340 / 600390 / 600410 / 600490
Knotted netting of twine, cordage or rope; made up fishing nets and other made up nets, of textile materials	560811 / 560819 / 560890
Labels, badges and similar articles of textile materials, in the piece, in strips or cut to shape or size, not embroidered	580710 / 580790
Linoleum, whether or not cut to shape; floor coverings consisting of a coating or covering applied on a textile backing, whether or not cut to shape	590410 / 590490
Man-made filament yarn (other than sewing thread), put up for retail sale	540600
Mattress supports; articles of bedding and similar furnishing (for example, mattresses, quilts, eiderdowns, cushions, pouffes and pillows) fitted	940429 / 940430 / 940490

Technical regulation and items	International HS Code
with springs or stuffed or internally fitted with any material or of cellular rubber or plastics	
Men or boy overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles, knitted or crocheted - other than those of heading 61.03	610120 / 610130 / 610190
Men or boy overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), windcheaters, wind-jackets and similar articles, other than those of heading 62.03	620111 / 620112 / 620113 / 620119 / 620191 / 620192 / 620193 / 620199
Men or boy shirts, knitted or crocheted	610510 / 610520 / 610590
Men or boy shirts	620520 / 620530 / 620590
Men or boy singlets and other vests, underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns and similar articles	620711 / 620719 / 620721 / 620722 / 620729 / 620791 / 620799
Men or boy suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear), knitted or crocheted	610310 / 610322 / 610323 / 610329 / 610331 / 610332 / 610333 / 610339 / 610341 / 610342 / 610343 / 610349
Men or boy suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear)	620311 / 620312 / 620319 / 620322 / 620323 / 620329 / 620331 / 620332 / 620333 / 620339 / 620341 / 620342 / 620343 / 620349
Men or boy underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns and similar articles, knitted or crocheted	610711 / 610712 / 610719 / 610721 / 610722 / 610729 / 610791 / 610799
Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 54.04 or 54.05, combined with metal in the form of thread, strip or powder or covered with metal	560500
Napkins	961900
Narrow woven fabrics, other than goods of heading 58.07; narrow fabrics consisting of warp without weft assembled by means of an adhesive (bolducs)	580610 / 580620 / 580631 / 580632 / 580639 / 580640
Nonwovens, whether or not impregnated, coated, covered or laminated	560311 / 560312 / 560313 / 560314 / 560391 / 560392 / 560393 / 560394
Other carpets and other textile floor coverings, whether or not made up	570500
Other furnishing articles, excluding those of heading 94.04	630411 / 630419 / 630420 / 630491 / 630492 / 630493 / 630499
Other garments, knitted or crocheted	611420 / 611430 / 611490
Other garments, of the type described in subheadings 62 01 11 to 62 01 19	621020
Other garments, of the type described in subheadings 62 02 11 to 62 02 19	621030
Other knitted or crocheted fabrics	600610 / 600621 / 600622 / 600623 / 600624 / 600631 / 600632 / 600633 / 600634 / 600641 / 600642 / 600643 / 600644 / 600690
Other made up articles, including dress patterns	630710 / 630790
Other made up clothing accessories, knitted or crocheted; knitted or crocheted parts of garments or of clothing accessories	611710 / 611780 / 611790
Other made up clothing accessories; parts of garments or of clothing accessories, other than those of heading 62.12	621710 / 621790
Other men or boy garments	621040
Other trunks, suit-cases, vanity-cases, executive-cases, brief-cases, school satchels and similar containers	420292 / 420299
Other women or girl garments	621050
Other woven fabrics of cotton	521211 / 521212 / 521213 / 521214 / 521215 / 521221 / 521222 / 521223 / 521224 / 521225
Other woven fabrics of synthetic staple fibres	551511 / 551512 / 551513 / 551519 / 551521 / 551522 / 551529 / 551591 / 551599
Panty hose, tights, stockings, socks and other hosiery, including graduated compression hosiery (for example, stockings for varicose veins) and footwear without applied soles, knitted or crocheted	611510 / 611521 / 611522 / 611529 / 611530 / 611594 / 611595 / 611596 / 611599
Photographic plates, film, paper, paperboard, exposed but not developed	370400

Technical regulation and items	International HS Code
Pile fabrics, including "long pile" fabrics and terry fabrics, knitted or crocheted	600110 / 600121 / 600122 / 600129 / 600191 / 600192 / 600199
Quilted textile products in the piece, composed of one or more layers of textile materials assembled with padding by stitching or otherwise, other than embroidery of heading 58.10	581100
Rubber thread and cord, textile covered; textile yarn, and strip and the like of heading 54.04 or 54.05, impregnated, coated, covered or sheathed with rubber or plastics	560410 / 560490
Rubberised textile fabrics, other than those of heading No. 59.02	590691 / 590699
Sacks and bags, of a kind used for the packing of goods	630510 / 630520 / 630532 / 630539 / 630590
Sanitary towels and tampons, napkins and napkin liners for babies and similar sanitary articles	481890
Seats (other than those of heading 94.02), whether or not convertible into beds, and parts thereof	940171
Sets consisting of woven fabric and yarn, whether or not with accessories, for making up into rugs, tapestries, embroidered tablecloths or serviettes, or similar textile articles, put up in packings for retail sale	630800
Sewing thread of man-made filaments, whether or not put up for retail sale	540110 / 540120
Sewing thread of man-made staple fibres, whether or not put up for retail sale	550810 / 550820
Shawls, scarves, mufflers, mantillas, veils	621410 / 621420 / 621430 / 621440 / 621490
Shorn wool, greasy, including fleece-washed wool	510111 / 510119 / 510121 / 510129 / 510130 / 510211 / 510219 / 510220 / 510310 / 510320 / 510330 / 510400
Silk-worm cocoons suitable for reeling	500100 / 500200 / 500300 / 500400 / 500500 / 500600 / 500710 / 500720 / 500790
Slide fasteners and parts thereof	960711 / 960719 / 960720
Synthetic filament tow	550110 / 550120 / 550130 / 550140 / 550190
Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex	540211 / 540219 / 540220 / 540231 / 540232 / 540233 / 540234 / 540239 / 540244 / 540245 / 540246 / 540247 / 540248 / 540249 / 540251 / 540252 / 540253 / 540259 / 540261 / 540262 / 540263 / 540269
Synthetic monofilament of 67 decitex or more and of which no cross-sectional dimension exceeds 1 mm; strip and the like (for example, artificial straw) of synthetic textile materials of an apparent width not exceeding 5 mm	540411 / 540412 / 540419 / 540490
Synthetic staple fibres, carded, combed or otherwise processed for spinning	550610 / 550620 / 550630 / 550640 / 550690
Synthetic staple fibres, not carded, combed or otherwise processed for spinning	550311 / 550319 / 550320 / 550330 / 550340 / 550390
Tarpaulins, awnings and fibres sun blinds; tents; sails for boats, sailboards or land craft; camping goods	630612 / 630619 / 630622 / 630629 / 630630 / 630640
Terry towelling and similar woven terry fabrics, other than narrow fabrics of heading 58.06; tufted textile fabrics, other than products of heading 57.03	580211 / 580219 / 580220 / 580230
Textile fabrics coated with gum or substances, of a kind used for the outer covers of books or the like; tracing cloth; prepared painting canvas; buckram and similar stiffened textile fabrics of a kind used for hat foundations	590110 / 590190
Textile fabrics impregnated, coated, covered or laminated with plastics, other than those of heading 59.02	590310 / 590320 / 590390
Textile fabrics otherwise impregnated, coated or covered	590700
Textile hose piping and similar textile tubing, with or without lining, armour or accessories of other materials	590900

Technical regulation and items	International HS Code
Textile products and articles, for technical uses specified in Note 7 to this Chapter	591110 / 591120 / 591131 / 591132 / 591140 / 591190
Textile wall coverings.	590500
Textile wicks, woven, plaited or knitted, for lamps, stoves, lighters, candles or the like; incandescent gas mantles and tubular knitted gas mantle fabric thereof, whether or not impregnated	590800
Ties, bow ties and cravats	621510 / 621520 / 621590
Track suits, ski suits and swimwear, knitted or crocheted	611211 / 611212 / 611219 / 611220 / 611231 / 611239 / 611241 / 611249
Track suits, ski suits and swimwear; other garments	621111 / 621112 / 621120 / 621132 / 621133 / 621139 / 621142 / 621143 / 621149
Transmission or conveyor belts or belting, of textile material, whether or not impregnated, coated, covered or laminated with plastics, or reinforced with metal or other material	591000
True hemp (<i>Cannabis sativa L.</i>), raw or processed but not spun; tow and waste of true hemp (including yarn waste and garneted stock)	530210 / 530290
Trunks, suit-cases, vanity-cases, executive-cases, brief-cases, school satchels and similar containers with outer surface of plastics or of textile materials	420212
T-shirts, singlets and other vests, knitted or crocheted	610910 / 610990
Tulles and other net fabrics, not including woven-knitted or crocheted fabrics; lace in the piece, in strips or in motifs, other than fabrics of headings 60.02 to 60.06	580410 / 580421 / 580429 / 580430
Twine, cordage, ropes and cables, whether or not plaited or braided and whether or not impregnated, coated, covered or sheathed with rubber or plastics	560721 / 560729 / 560741 / 560749 / 560750 / 560790
Typewriter or similar ribbons, inked or otherwise prepared for giving impressions, whether or not on spools or in cartridges; ink-pads, whether or not inked, with or without boxes	961210 / 961220
Tyre cord fabric of high tenacity yarn of nylon or other polyamides, polyesters or viscose rayon	590210 / 590220 / 590290
Umbrellas and sun umbrellas (including walking-stick umbrellas, garden umbrellas and similar umbrellas)	660110 / 660191 / 660199
Used or new rags, scrap twine, cordage, rope and cables and worn out articles of twine, cordage, rope or cables, of textile materials	631010 / 631090
Wadding of textile materials and articles thereof; textile fibres, not exceeding 5 mm in length (flock), textile dust and mill nets	560121 / 560122 / 560129 / 560130
Walking-sticks, seat-sticks, whips, riding-crops and the like	660200
Warp knit fabrics (including those made on galloon knitting machines), other than those of headings 60.01 to 60.04	600521 / 600522 / 600523 / 600524 / 600535 / 600536 / 600537 / 600538 / 600539 / 600541 / 600542 / 600543 / 600544 / 600590
Waste (including yarn waste and garneted stock) of manmade fibres	550510 / 550520
Watch straps, watch bands and watch bracelets, and parts thereof	911390
Wigs, false beards, eyebrows and eyelashes, switches and the like, of human or animal hair or of textile materials; articles of human hair not elsewhere specified or included	670411 / 670419 / 670420
Women or girl blouses, shirts and shirt-blouses, knitted or crocheted	610610 / 610620 / 610690
Women or girl blouses, shirts and shirt-blouses	620610 / 620620 / 620630 / 620640 / 620690
Women or girl overcoats, carcoats, capes, cloaks, anoraks (including ski-jackets), windcheaters, wind jackets and similar articles, knitted or crocheted, other than those of heading 61.04	610210 / 610220 / 610230 / 610290

Technical regulation and items	International HS Code
Women or girl overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles, other than those of heading 62.04	620211 / 620212 / 620213 / 620219 / 620291 / 620292 / 620293 / 620299
Women or girl singlet and other vests, slips, petticoats, briefs, panties, nightdresses, pyjamas, bath robes, dressing gowns and similar articles	620811 / 620819 / 620821 / 620822 / 620829 / 620891 / 620892 / 620899
Women's or girl's slips, petticoats, briefs, panties, nightdresses, pyjamas, bathrobes, dressing gowns and similar articles, knitted or crocheted	610811 / 610819 / 610821 / 610822 / 610829 / 610831 / 610832 / 610839 / 610891 / 610892 / 610899
Women or girl suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts (other than swimwear), knitted or crocheted	610413 / 610419 / 610422 / 610423 / 610429 / 610431 / 610432 / 610433 / 610439 / 610441 / 610442 / 610443 / 610444 / 610449 / 610451 / 610452 / 610453 / 610459 / 610461 / 610462 / 610463 / 610469
Women or girl suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts (other than swimwear)	620411 / 620412 / 620413 / 620419 / 620421 / 620422 / 620423 / 620429 / 620431 / 620432 / 620433 / 620439 / 620441 / 620442 / 620443 / 620444 / 620449 / 620451 / 620452 / 620453 / 620459 / 620461 / 620462 / 620463 / 620469
Woven fabrics of artificial filament yarn, including woven fabrics obtained from materials of heading 54.05	540810 / 540821 / 540822 / 540823 / 540824 / 540831 / 540832 / 540833 / 540834
Woven fabrics of artificial staple fibres	551611 / 551612 / 551613 / 551614 / 551621 / 551622 / 551623 / 551624 / 551631 / 551632 / 551633 / 551634 / 551641 / 551642 / 551643 / 551644 / 551691 / 551692 / 551693 / 551694
Woven fabrics of coarse animal hair or of horsehair	511300
Woven fabrics of combed wool or of combed fine animal hair	511211 / 511219 / 511220 / 511230 / 511290
Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing not more than 200 g/m ²	520811 / 520812 / 520813 / 520819 / 520821 / 520822 / 520823 / 520829 / 520831 / 520832 / 520833 / 520839 / 520841 / 520842 / 520843 / 520849 / 520851 / 520852 / 520859 / 520911 / 520912 / 520919 / 520921 / 520922 / 520929 / 520931 / 520932 / 520939 / 520941 / 520942 / 520943 / 520949 / 520951 / 520952 / 520959
Woven fabrics of cotton, containing less than 85% by weight of cotton, mixed mainly or solely with man-made fibres, weighing not more than 200 g/m ²	521011 / 521019 / 521021 / 521029 / 521031 / 521032 / 521039 / 521041 / 521049 / 521051 / 521059 / 521111 / 521112 / 521119 / 521120 / 521131 / 521132 / 521139 / 521141 / 521142 / 521143 / 521149 / 521151 / 521152 / 521159
Woven fabrics of flax	530911 / 530919 / 530921 / 530929 / 531010
Woven fabrics of jute or of other textile fibres of heading 53.03	531090
Woven fabrics of metal thread and woven fabrics of metallized yarn of heading 56.05, of a kind used in apparel, as furnishing fabrics or for similar purposes, not elsewhere specified or included	580900
Woven fabrics of other vegetable textile fibres; woven fabrics of paper yarn	531100
Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading 54.04	540710 / 540720 / 540730 / 540741 / 540742 / 540743 / 540744 / 540751 / 540752 / 540753 / 540754 / 540761 / 540769 / 540771 / 540772 / 540773 / 540774 / 540781 / 540782 / 540783 / 540784 / 540791 / 540792 / 540793 / 540794
Woven fabrics of synthetic staple fibres, containing 85% or more by weight of synthetic staple fibres	551211 / 551219 / 551221 / 551229 / 551291 / 551299
Woven fabrics of synthetic staple fibres, containing less than 85% by weight of such fibres, mixed mainly or solely with cotton, of a weight not exceeding 170 g/m ²	551311 / 551312 / 551313 / 551319 / 551321 / 551323 / 551329 / 551331 / 551339 / 551341 / 551349 / 551411 / 551412 / 551419 / 551421 / 551422 / 551423 / 551429 / 551430 / 551441 / 551442 / 551443 / 551449
Woven pile fabrics and chenille fabrics, other than fabrics of heading 58.02 or 58.06	580110 / 580121 / 580122 / 580123 / 580126 / 580127 / 580131 / 580132 / 580133 / 580136 / 580137 / 580190
Yarn (other than sewing thread) of synthetic staple fibres, not put up for retail sale	550911 / 550912 / 550921 / 550922 / 550931 / 550932 / 550941 / 550942 / 550951 / 550952 / 550953 / 550959 / 550961 / 550962 / 550969 /

Technical regulation and items	International HS Code
	550991 / 550992 / 550999 / 551011 / 551012 / 551020 / 551030 / 551090 / 551110 / 551120 / 551130
Yarn of carded wool, not put up for retail sale Containing 85% or more by weight of wool	510610 / 510620
Yarn of coarse animal hair or of horsehair (including gimped horsehair yarn), whether or not put up for retail sale	511000 / 511111 / 511119 / 511120 / 511130 / 511190
Yarn of combed wool, not put up for retail sale. Containing 85% or more by weight of wool	510710 / 510720
Yarn of fine animal hair – Carded	510810 / 510820
Yarn of jute or of other textile fibres of heading 53.03	530710 / 530720
Yarn of other vegetable textile fibres; paper yarn	530810 / 530820 / 530890
Yarn of wool or of fine animal hair – containing 85% or more by weight of wool or of fine animal hair	510910 / 510990
Group 32: Small-scale solar PV systems	
Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, including photovoltaic cells whether or not assembled in modules or made up into panels; light emitting diodes (LED); mounted piezo-electric crystals	854140
Electrical transformers, static converters (for example, rectifiers) and inductors	850440
Insulated (including enamelled or anodised) wire, cable (including co-axial cable) and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables, made up of individually sheathed fibres, whether or not assembled	854449
Machinery, plant or laboratory equipment, whether or not electrically heated (excluding furnaces, ovens and other equipment of heading 85.14), for the treatment of materials by a process involving a change of temperature such as heating, cooking	841919
Group 33: Tanks – part 1: tanks for the transport of petroleum products	
Trailers and semi-trailers; other vehicles not mechanically propelled; parts thereof	871631

Source: Information provided by the authorities.